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SAN FRANCISCO
PORT COMMISSION

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REGULAR MEETING
4:00 P.M., MARCH 13,2001
BAYSIDE CONFERENCE ROOM
PIER 1, S.F. 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - February 13, 2001 Regular Meeting
   - February 27, 2001 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   B. Approval of Purchase of Luxury Suite at Pacific Bell Park (Resolution No. 01-16) (Staff report provided to the Commission.)

4. **ENGINEERING & MAINTENANCE**

   A. Authorization to execute Contract Modification No. 3 for Construction Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," with Power Engineering Contractors to modify the scope of work and cost for this contract due to unforeseen conditions. (Resolution No. 01-18) (Staff report provided to the Commission.)

   B. Authorization to Advertise for Competitive Bids for the 2001-2002 Maintenance Dredging Project. (Resolution No. 01-19) (Staff report provided to the Commission.)

   C. Authorization to modify Contract No. 2666, "China Basin Shoreline Stabilization Project," to include all additive alternate bid items, for a not-to-exceed contract amount of $570,700. (Resolution No. 01-20) (Staff report provided to the Commission.)

5. **PLANNING & DEVELOPMENT**

   A. Informational Presentation on the Proposed Design and Land Use Program for the Bryant Street Pier Mixed Use and Cruise Terminal Project, located on Pier 30-32 and Seawall Lot 330 in the South Beach Waterfront. (Staff report provided to the Commission.)

   B. Authorization to transfer to the Treasure Island Development Authority the five extant "Pageant of the Pacific" Murals by artist and anthropologist Miguel Covarrubias,

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originally commissioned for and displayed at the Pacific House at the Golden Gate International Exposition (1939-40 Treasure Island World's Fair) and later displayed at the World Trade Center in the Ferry Building. (Resolution No. 01-17) (Staff report provided to the Commission.)

6. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

7. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case).
X As Defendant X As Plaintiff

b. Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 (1 case).

- F. Alioto Co. v. CCSF; Superior Court Case No. 318360.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Pier 30/32 and SWL 330
Person Negotiating: Port: Anne Cook, Manager, Waterfront Development Projects
*San Francisco Cruise Terminal LLC: Glen Elkington

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding the Bryant Street Pier Project.

b. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

2 50351 SFPL: ECONO JRS
45 SFPL 04/09/04 103

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding property located at Pier 45, Shed A.

c. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 27-31.

d. Property: 601 Cesar Chavez Street
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Finer's Diner: Steve Finer, President
*Cliff's Barbecue & Seafood: Clifton Turner, Owner

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at 601 Cesar Chavez Street.

e. Property: Pier 38 Maritime Recreation Center
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Pier 38 Maritime Center: Carl Ernst

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at Pier 38 Maritime Recreation Center.

8. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

9. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's web site at www.sfport.com.

MARCH/APRIL 2001
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
Effective February 27th, the Port Commission meetings will be held in the Bayside Conference Room at Pier 1.			
March 13	4:00 p.m.	Port Commission	Bayside Conference Room Pier 1
March 26 *(SPECIAL MEETING)*	4:00 p.m.	Port Commission	Bayside Conference Room Pier 1
March 27 *(CANCELLED)*	4:00 p.m.	Port Commission	Bayside Conference Room Pier 1

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***Effective February 27th, the Port Commission meetings will be held in the Bayside Conference Room at Pier 1.***

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room at Pier 1.

The Ferry Building Waterfront Advisory Group does not have any scheduled meetings.

The Southern Waterfront Advisory Group meeting has been changed to the 4th Monday of the month from 6 p.m. to 8 p.m. The next two meetings will be held at the Bayview Police Station Community Room at 201 Williams Street. Future meeting locations will be announced.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 for more information.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

Port Website

Check out the Port's Website at **www.sfport.com.**

Questions/Contacts

Fisherman's Wharf Waterfront Advisory Group	Kirk Bennett	274-0545
Pier 70 Advisory Group	Anne Cook	274-0483
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Ferry Building Waterfront Advisory Group	Alec Bash	274-0539
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception	Shawna Horde	274-0400

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. The west entrance is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

San Francisco Lobbyist Ordinance. Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Purchase of Luxury Suite at Pacific Bell Park

The Port has been presented with an opportunity to purchase a Luxury Suite at Pacific Bell Park. The Luxury Suite, which will be shared with the Mayor's Office, provides the Port with an advantageous opportunity to promote the Port to its customers, tenants, distinguished visitors and the public.

A description and details of the Luxury Suite are summarized below:

Location:	Left Field
License Fee:	$120,000 for 8 years
Ticket Price:	$66,950 for 2001 plus 3% per year if sign for the maximum of 8 years
Seating:	Includes tickets for 12 seats and 4 guest passes for a total of 16. Eight additional tickets can be purchased at $50 per ticket per game and are considered standing room. Users of guest passes must have their own ticket to the game to enter the stadium.
Parking:	Includes 2 parking passes
Events:	Rights to purchase tickets to non-baseball events.

This Print Covers Calendar Item No. **3B**

The Port currently has ten season tickets, six are Field Club seats, two in Section 110 and four in Section 117 and four Club Level seats located in Section 225. Staff recommends that the Port retain the four tickets in Section 117 and alternate the use of these tickets and the luxury suite with the Mayor's office. It has yet to be determined how the suite will be shared with the Mayor's Office.

A survey of four baseball stadiums indicates that three of the four stadiums in California are owned by the local government. Three of the four governments enjoy complimentary use of luxury suites.

Luxury Suite Survey

City	Team	Stadium Owned By	City Luxury Suite	Cost
Anaheim	Angels	City of Anaheim	Yes, Two Suites	$0
Los Angeles	Dodgers	Dodgers	None	N/A
San Diego	Padres	City of San Diego	Yes	$0
Oakland	Athletics	City of Oakland	Yes, Two Suites	$0

Staff is recommending that the Port purchase the Luxury Suite Number 60 based on the unique ability of the Port to utilize it to promote the Port, its tenants and customers. Upon approval, the Port would enter into the Giants' Standard Luxury Suite License Agreement, a copy of which is on file with the Port Commission Secretary and is included herewith. Paragraph 18 of the License Agreement includes an indemnity clause requiring the Port to indemnify, defend and hold harmless the Giants for claims relating to the Port's use or occupancy of the luxury suite and ballpark, provided however that such indemnity shall be subject to the approval of the City's Risk Manager.

Prepared by: Benjamin A. Kutnick
Director of Finance

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 00-16

WHEREAS, The Port desires to market and promote the Port area, its tenants and customers; and

WHEREAS, The Port has an opportunity to purchase the rights and tickets to Luxury Suite #60 at Pacific Bell Park for the next eight years; and

WHEREAS, The license fee for rights to the luxury suite for eight years is $120,000; and

WHEREAS, Ticket cost for the 2001 season is $66,950 and will increase at 3% per year with an eight-year commitment; and, now therefore be it

RESOLVED, That the Port Commission hereby approves the recommended purchase of Luxury Suite #60 at Pacific Bell Park, and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into the Suite License Agreement with the San Francisco Giants in the form on file with the Port Commission Secretary, including paragraph 18 thereof requiring the Port to indemnify, defend and hold harmless the Giants for claims relating to the Port's use or occupancy of the luxury suite and ballpark, provided however that such indemnity shall be subject to the approval of the City's Risk Manager.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 13, 2001.

_____
Secretary

STANDARD TERMS AND CONDITIONS OF LUXURY SUITE LICENSE AGREEMENT

2. **Definitions.**

As used in this Agreement, capitalized terms shall have the meaning set forth in the text of this Agreement or in Schedule 1.

3. **License and Luxury Suite.**

For and in consideration of the payment of the Annual Fees, Licensor grants Licensee the exclusive privilege and right to the use of the Luxury Suite on the terms and conditions set forth herein. The Luxury Suite is comprised of a private entertainment area with twelve (12) seats and will contain the furnishings and amenities described in Exhibit A.

4. **Term of the License.**

4.1 License Term. Unless sooner terminated in accordance with the provisions of this Agreement, the License Term shall be for the License Term described in Section 1(g). The License Term shall commence during the 2000 Baseball Season on Opening Day and end on the 31st day of January of the last License Year of the License Term.

4.2 Commencement of License Term. Notwithstanding the License Term established in Section 4.1, Licensee acknowledges that the Ballpark may not be completed in time for the commencement of the Baseball Season for the year 2000. If the Ballpark is not completed for the opening of the 2000 Baseball Season, the commencement of the License Term shall be postponed until Opening Day. If Opening Day occurs after April 1, 2000, but before July 1, 2000, the License Term shall not be extended. If Opening Day occurs on or after July 1, 2000, or if Opening Day occurs during the 2001 Baseball Season, the License Term shall be extended for one (1) additional Baseball Season on the same terms and conditions contained in this Agreement (except that there will be no increase in the Annual Fee payable in the 2001 License Year). In each of the foregoing events, the Annual Fee for the year in which Opening Day is delayed shall be prorated by an amount based on the number of Home Games actually played at the Ballpark for that Baseball Season, and any excess Annual Fee paid for the 2000 License Year will be credited against the Annual Fee due for the 2001 License Year.

Right of First Refusal to Renew. If not in default under this Agreement, Licensee shall have a right of first refusal to obtain a new license to use the Luxury Suite after the expiration of the License Term in exchange for the payment of such annual fees and on such terms as Licensor may then offer for the license to use the Luxury Suite or comparable luxury suites in the Ballpark. Provided Licensee is not in default hereunder, no later than ninety ~~(90)~~ 180 days prior to the expiration of the License Term, Licensor shall deliver to Licensee the New License Notice describing the annual fees and the terms and conditions to which the New License will be subject and offering Licensee the right to obtain the New License. **Licensee shall not be required to pay an additional Suite License Fee in order to obtain the New License.** Licensee may reject or accept the terms for the New License by executing and returning to Licensor the license agreement enclosed with the New License Notice (together with any required prepayment amount and/or security deposit) within thirty ~~(30) days~~ 90 after the New License Notice is delivered to Licensee. A failure to respond shall be deemed a rejection of the right to obtain the New License. If Licensee rejects the offer to obtain the New License, Licensor shall thereafter be free to license the Luxury Suite to another party without liability whatsoever to Licensee.

5. **Payments.**

5.1 Suite License Fee; Payment of Annual Fee; Payment Dates. Licensee shall pay the Suite License Fee in the amounts and on the dates set forth in Section 1(f). During each License Year, Licensee shall pay to Licensor the Annual Fee, increased each year as stated in Section 1(h) by the percentage specified in Section 1(g), in two installments. Each year, the Annual Fee, after the annual percentage increase has been added, shall be due and payable in two installments on the following dates:

February 1 during each License Year

July 1 during each License Year

The Annual Fee due each License Year will be due and payable regardless of the cancellation or postponement of any Home Games, whether as a result of inclement weather, natural disaster, or any other cause, except as otherwise provided in Section 17.

5.2 Other Charges. Licensee shall pay any and all sales, use, property or other governmental taxes, charges or assessments due with respect to the Luxury Suite. If not collected directly by the charging or collecting entity, all such taxes, charges or assessments shall be immediately due and payable by Licensee upon demand by Licensor.

5.3 Refund. If the Ballpark is not completed, all of Licensee's payments of the Suite License Fee will be refunded to Licensee, without interest, to the address shown in Section 1(c) or such other address as may be furnished to Licensor in writing by Licensee.

6. **Admission Tickets and Guest Passes.**

6.1 Home Games. The Annual Fee for each License Year shall include twelve (12) admission tickets to the Luxury Suite for Home Games played by the Giants in the Ballpark. Licensee shall also be entitled to four (4) Guest Passes to the Luxury Suite to offer to persons who have purchased admission tickets to the Ballpark for Home Games. The Guest Passes will only permit access to the Luxury Suite and will not grant admission to the Ballpark.

6.2 Classic Events. The Annual Fee shall not include the cost of any tickets for the Classic Events in which the Giants participate, or the cost of tickets to any other event (other than a Home Game) held in the Ballpark. Licensee is obligated to, and shall, purchase twelve (12) admission tickets to the Luxury Suite for each Classic Event as and when such tickets become available on such prices and other terms as determined by Licensor, the League and/or the Office of the Commissioner of Major League Baseball.

6.3 Other Events. Subject to availability and any conditions, rules or regulations as may be established by Licensor or another event promoter, Licensee shall have the option to purchase tickets to non-baseball events held in the Ballpark. If admission tickets for the Luxury Suite are available for any such event, Licensee may purchase up to twelve (12) admission tickets to occupy the Luxury Suite during such event. If Licensee does not exercise its right to purchase such tickets, Licensor will not permit the sale of admission tickets to the Luxury Suite during such event. If the Luxury Suite is not available during any such event, Licensee shall have the option to buy up to four (4) admission tickets for use of seats in a quality location, as determined by Licensor. Licensor will offer Licensee the right to buy tickets by sending a written notice to Licensee

and Licensee must exercise its right to buy the tickets in accordance with the terms contained in the written notice.

6.4 Limitations. Tickets and ticket purchases for Home Games, Classic Events and any other events held in the Ballpark will be subject to such conditions, rules and regulations (as to number of tickets available or to be purchased (excluding Home Games), prices, deadlines, postponements, cancelations, game schedules, play dates, times and other matters) as may be established by Licensor, the Giants, the League, the Office of the Commissioner of Major League Baseball, the Master Landlord and/or any other event promoter. Licensor shall have no liability to Licensee if there are no other events, other than Home Games held in the Ballpark. It is further acknowledged that Licensor does not control the scheduling of Home Games or the Giants' performance and Licensor shall have no liability for the number of Home Games or for the Giants' failure to play Home Games in the Ballpark regardless of the reason for such failure to play except as provided in Section 17.

6.5 Sales and Delivery. The tickets to Home Games and Classic Events shall be offered by Licensor as agent for the Giants. The tickets to Home Games will be delivered to Licensee as and when they become available for distribution provided that Licensee is not in default of its obligations hereunder. Tickets to the Classic Events will be delivered to Licensee provided the Licensee has tendered full payment for the Classic Events tickets.

7. Parking.

Provided there is no default by Licensee hereunder, Licensee will receive two (2) parking passes (at no additional charge) for two (2) standard sized passenger cars in certain parking areas associated with the Ballpark at locations and time parameters to be designated by Licensor from time to time for events during which Licensee occupies the Luxury Suite. In addition, provided there is no default by Licensee hereunder, Licensee may purchase two (2) additional parking passes for two (2) standard sized passenger cars in certain parking areas associated with the Ballpark at prices, locations and time parameters to be designated by Licensor from time to time for events during which Licensee occupies the Luxury Suite.

8. Rights and Obligations of Co-Licensees.

If more than one individual or entity share the License for the use of the Luxury Suite (individually, a "Co-Licensee"), each Co-Licensee executing this Agreement shall be jointly and severally liable for all costs, payments, obligations and responsibilities of Licensee hereunder. For the purposes of ease of administration only and without affecting the joint and several liability of each Co-Licensee, the person or entity identified as Licensee in Section 1 is hereby designated as the "Managing Co-Licensee," and the address shown in Section 1(c) shall be the sole address to which Licensor must provide notices as provided herein. Licensor will conduct all transactions and communications with such Managing Co-Licensee until and unless otherwise notified, in writing, of the name, title and address of a successor Managing Co-Licensee by all of the other Co-Licensees. Licensor shall not be liable or responsible for any loss, liability or damage resulting from the sharing of the License by each Co-Licensee or arising out of any agreement among such Licensees in respect thereof.

9. Escrow of Suite License Fee.

All payments of the Suite License Fee shall be retained in the Escrow Account with the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement. Funds from the Escrow Account shall be disbursed to Licensor by the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement, which shall provide that all amounts deposited into the Escrow Account in respect of this Agreement will, except as provided below in case of a default by licensee, be disbursed on request of Licensor on or after the date the Ballpark's architect certifies that thirty-eight percent (38%) of the Ballpark is substantially completed on a construction value basis.

Licensee shall have no rights in respect of the Escrow Account and acknowledges that it shall not be entitled to receive any funds held therein, except as provided in Section 5.3.

10. Interest.

Any and all sums due hereunder from Licensee, if not paid when due, shall bear interest at the greater of the rate of ten percent (10%) per annum, or the maximum rate then permitted by applicable law, from the date due until paid. Licensee agrees that such interest charge is reasonable and represents a fair estimate of the additional expense that may be incurred by Licensor in handling, collecting and accounting for delinquent payments. Such interest charge shall be in addition to, and not in lieu of, all other rights and remedies of Licensor under this Agreement.

11. Furnishings, Decor and Alterations.

At the commencement of the License Term and during the License Term, the Luxury Suite shall be furnished and equipped with the fixtures, furnishing and equipment described in Exhibit A, at Licensor's expense. Licensee shall not make any additions to, or changes or alterations in, the interior or exterior of the Luxury Suite or the fixtures, furnishings and equipment therein without the prior written consent of Licensor, which consent may be withheld in Licensor's sole discretion. Notwithstanding the foregoing, Licensee may install pictures, plants or insignia reasonable in size and in good taste, as determined solely by Licensor. Any such additions, changes or alterations permitted by Licensor shall be made at Licensee's sole cost and expense, free of any liens or encumbrances, in a good workmanlike manner, and in compliance with all applicable permits, authorizations, building and zoning laws, ordinances, orders, rules, regulations and requirements of all governmental authorities. Any fixtures or materials incorporated in or permanently attached to the Luxury Suite by Licensee shall become part of the Ballpark unless Licensee shall have obtained the written approval of Licensor to remove such items or unless Licensor requires Licensee to remove the same, prior to the expiration of the License Term, or renewal term. If so removed, Licensee shall, at its own expense, repair and restore the Luxury Suite to its original condition as it existed on the date that the Giants' first Home Game was held in the Ballpark, ordinary wear and tear excepted. Licensor reserves the right to make minor modifications and changes to the Luxury Suite without Licensee's approval.

12. Use and Occupancy.

12.1 Use. The entrance to the Luxury Suite will be from a private passageway, restricted in use to Licensee and other licensees of luxury suites and club seats, their guests and authorized personnel. Licensee's and Licensee's Guests' access to and use of the Luxury Suite shall be subject to the rules and regulations of the Ballpark as established and amended from time to time by Licensor in its sole discretion. Licensee and Licensee's Guests shall be entitled to use the Luxury Suite only at times for which appropriate tickets for admission to the Luxury Suite have been obtained, or at other times upon prior approval from Licensor. Such other use

shall require a minimum of 48 hours' notice to Licensor.

12.2 Access by Licensee. Access to the Luxury Suite shall be controlled by Licensor, and shall require the presentation by each person using the Luxury Suite of an admission ticket or a Guest Pass. Licensee shall have access to the Luxury Suite two hours prior to a scheduled event and one hour after the end of such scheduled event except as otherwise permitted by Licensor from time to time.

12.3 Access by Licensor. Licensor and its officers, agents, employees and representatives and the Giants' personnel shall be entitled to have access to the Luxury Suite on such occasions and to such extent as Licensor, in its sole discretion, shall deem necessary or appropriate for the exercise of the rights and the proper performance of the duties and obligations of Licensor hereunder. For such purposes, Licensor shall retain a key to the Luxury Suite, and Licensee shall not change the lock or place any additional locks on, or otherwise restrict or impede Licensor's access to, the Luxury Suite.

12.4 Licensee's Rights. This Agreement provides Licensee only with the right and privilege to occupy and use the Luxury Suite in the manner set forth herein, and except in respect of the License to possess and use the Luxury Suite, this Agreement does not confer upon Licensee or Licensee's Guests any greater or lesser rights and privileges with respect to admission to the Ballpark than afforded to other holders of tickets for admission thereto. The License and the rights under this Agreement are rights of personal privilege and do not under any circumstances confer upon Licensee or any Co-Licensee any title, interest or estate in real property or any leasehold interest in the Luxury Suite or the Ballpark or any other interest or rights of any kind in any specific real or personal property. The relationship between Licensee or any Co-Licensee and Licensor is that of licensee and licensor only.

13. Services.

The following services shall be available to Licensee in connection with Licensee's use of the Luxury Suite:

(a) Ordinary repair and maintenance of the interior and exterior of the Luxury Suite made necessary by normal wear and tear at no additional expense to Licensee;

(b) Housekeeping service, including dusting, sweeping, cleaning and trash removal after each Home Game and other events at no additional expense to Licensee;

(c) Concierge service for ticket purchases, souvenir purchases and general information, which service will be at no additional expense to Licensee;

(d) On-site business center for Licensee's use that will offer Licensee and Licensee's Guests the opportunity to use photocopying, facsimile transmission, overnight mail, and telecommunications services for stated fees; and

(e) Other special services Licensor may offer to Licensee at prevailing rates on terms and conditions established from time to time.

14. Food Service.

Licensor will make available to Licensee food and beverage catering services from a caterer designated by Licensor at rates established by the caterer and approved by Licensor. All food and beverages consumed in the Luxury Suite shall be purchased from the catering service designated by Licensor or from any Ballpark concessionaire. No food or beverage other than those purchased from the designated caterer or from any Ballpark concessionaire may be brought into or prepared or consumed in the Luxury Suite. Neither Licensee nor any of Licensee's Guests may bring any alcoholic beverages into the Ballpark for use or consumption in the Luxury Suite. Licensee shall be solely responsible for and shall promptly pay to the caterer all bills for food, beverages and services rendered in connection with Licensee's use of the Luxury Suite.

15. Covenants of Licensee.

Licensee covenants and agrees with Licensor as follows:

(a) Licensee shall keep and maintain the Luxury Suite in good repair, order and condition, except for normal wear and tear, and shall reimburse Licensor for costs incurred by Licensor to repair any damage caused by Licensee or Licensee's Guests to the Luxury Suite or to the property of Licensor therein.

(b) Licensee and Licensee's Guests shall at all times maintain proper decorum while using the Luxury Suite and shall abide by all applicable governmental laws, ordinances, orders, directions, rules and regulations and by such rules and regulations as are adopted and revised from time to time by Licensor, the Giants and any other event sponsor for the Luxury Suite or for the Ballpark. Licensor reserves the right to eject Licensee and/or any of Licensee's Guests and to revoke the License and/or ticket privilege at any time, without compensation to Licensee, or exercise any of Licensor's rights upon default, if Licensee or Licensee's Guests exhibit behavior that is not acceptable in a family atmosphere, as determined by Licensor. Anyone not abiding by the terms hereof will be considered in default of this Agreement.

(c) Licensee and Licensee's Guests shall not attach in any fashion or otherwise display any signs, notices or advertisements on the exterior or the interior of the Luxury Suite, other than those approved in advance in writing by Licensor.

(d) Licensee and Licensee's Guests shall not place any of their respective property or any other materials, including without limitation, any waste products generated by Licensee or Licensee's Guests, outside of the Luxury Suite.

(e) Alcoholic beverages and tobacco products may be present, served or consumed in the Luxury Suite only in accordance with the rules and regulations of Licensor, the Giants, the League, the Office of the Commissioner of Major League Baseball, the concessionaires for the Ballpark and any local, state or federal governmental authority exercising jurisdiction over the Ballpark.

(f) Licensee agrees to pay on a timely basis all charges and expenses, including any applicable taxes, for catering and long distance telephone services incurred by Licensee and Licensee's Guests while using the Luxury Suite.

(g) Licensee shall not permit the preparation of food that requires the use of any heat except as provided by the Ballpark's caterer.

(h) Licensee shall not take any action which would cause an increase of premiums of any insurance policy carried by Licensor, the Giants, any manager of the Ballpark, or any event promoter by causing Licensor or any other party to fail to meet any requirement or condition of such policy.

(i) Licensee shall surrender possession of the Luxury Suite to Licensor upon expiration of the License Term or termination of this Agreement. Upon surrender, the Luxury Suite shall be in the same condition as existed upon the commencement of the License Term, normal wear and tear excepted.

16. Default and Termination.

16.1 Default. Licensee shall be in default under this Agreement upon the occurrence of any one or more of the following events:

(a) Licensee fails to pay when due the Annual Fee (or any portion thereof), or food, beverage, telephone or other service charge or any other amount to be paid by Licensee hereunder;

(b) Licensee fails to purchase admission tickets to Classic Events;

(c) Licensee fails to perform or observe any terms, covenants or obligations under this Agreement;

(d) Licensee or any of Licensee's Guests engages in any illegal activity or in any repeat violation of Licensor's rules and regulations pertaining to the use of the Luxury Suite or the Ballpark; or

(e) Licensee voluntarily or involuntarily terminates this Agreement prior to the expiration of the License Term.

16.2 Remedies. Upon the occurrence of any Event of Default and at any time thereafter, Licensor may, in addition to all other rights and remedies that it may have, at its option and with or without notice to Licensee, do any one or more of the following:

(a) Withhold distribution of admission tickets to Home Games or any other event to Licensee until Licensee's default is cured or, if admission tickets for any such games or events have already been distributed to Licensee, lock the Luxury Suite and deny Licensee and Licensee's Guests access to the Luxury Suite until Licensee's default is cured;

(b) Revoke the License and terminate this Agreement, whereupon (i) all rights and privileges of Licensee hereunder shall immediately terminate and Licensee shall immediately return to Licensor any unused admission tickets to the Luxury Suite, (ii) Licensor shall have no further obligation of any kind to Licensee, (iii) Licensor lawfully may enter into the Luxury Suite and recover the Luxury Suite, and (iv) Licensor may recover from Licensee, and Licensee shall pay to Licensor, all damages Licensor may incur by reason of Licensee's default, including, without limitation, the costs of recovering and redecorating the Luxury Suite, and all service charges and other sums then due or payable hereunder;

(c) Licensor may terminate Licensee's right of possession (but not this Agreement) and may repossess the Luxury Suite without thereby releasing Licensee from any liability hereunder, in which event Licensor may, but shall be under no obligation to do so, relicense the Luxury Suite for the account of Licensee for such license fee and upon such terms as Licensor shall reasonably determine. Notwithstanding any of the foregoing, Licensee shall remain obligated to make all payments becoming due under this Agreement. If the Luxury Suite is (i) not licensed or (ii) relicensed but a sufficient sum is not realized by Licensor (after first deducting therefrom, for retention by Licensor, the earned and unpaid portion of the Annual Fee for the License Term, and the costs of recovering, redecorating, and relicensing the Luxury Suite), Licensee shall pay to Licensor as damages an amount equal to current and future unpaid amounts of the Annual Fee, or if the Luxury Suite has been relicensed, Licensee shall pay to Licensor the difference between the current and future unpaid amounts of the Annual Fee and the license fee paid and to be paid for the remainder of the License Term in connection with such relicensing, if such relicense fee is less than the amount of the current and future unpaid amounts of the Annual Fee, plus, in either event, the costs of recovering possession of, redecorating and relicensing the Luxury Suite. Upon receipt of notice of action taken pursuant to this paragraph, Licensee shall immediately return to Licensor any unused admission tickets to the Luxury Suite. Notwithstanding any relicensing of the Luxury Suite without termination of this Agreement, Licensor may at any time thereafter elect to terminate the License and this Agreement for such previous breach; or

(d) Retain all payments previously made by Licensee including, without limitation, any payments of the Suite License Fee.

16.3 Relicense. After any such revocation or termination, under Sections 16.2(b) or (c) above, Licensor shall use reasonable efforts to relicense the right to use the Luxury Suite to another party; provided, however, that if there are any other luxury suites in the Ballpark available to be licensed, Licensor may give priority to licensing such other suites. If Licensor licenses the right to use the Luxury Suite to another party, then all amounts received from such other party applicable to the remaining License Term shall be applied first to the expense of relicensing the Luxury Suite and then to the reduction of any obligations of Licensee to Licensor under this Agreement. No amounts received from such other party shall be paid to Licensee.

16.4 Attorneys' Fees and Costs. Upon any default by Licensee, Licensor shall be entitled to recover all reasonable attorneys' fees and expenses and litigation costs (including arbitration fees and costs) incurred in connection with Licensee's default.

16.5 Remedies Are Cumulative. The remedies contained in this Section 16 are cumulative and shall not be to the exclusion of any other right or remedy set forth herein or otherwise available to Licensor in law or in equity. No waiver by Licensor of any default or breach by Licensee of its obligations hereunder shall be construed to be a waiver or release of any other or subsequent default or breach by Licensee hereunder, and no failure or delay by Licensor in the exercise of any remedy provided for herein shall be construed to constitute a waiver thereof or of any other right or remedy available to Licensor.

17. Unavailability or Unusability of Luxury Suite and Cancellation of Games.

17.1 Damage or Destruction. If at any time during the License Term, the Luxury Suite and/or the Ballpark shall be damaged or destroyed by fire or other casualty and the use of the Luxury Suite is thereby prevented for any Home Game, Licensor may elect to repair and reconstruct the Luxury Suite to substantially the same condition as existed immediately prior to such damage or destruction, and to otherwise repair the Ballpark as necessary to allow it to be open to the public, except that Licensor shall not be required to repair or replace any personal property, furniture or wall fixtures located in the Luxury Suite which are the property of Licensee or Licensee's Guests. If Licensor elects to repair and restore the Luxury Suite, this Agreement shall continue in full force and effect and Licensor shall use reasonable efforts to complete such repairs within a reasonable time, and Licensee shall be entitled to a credit as provided in Section 17.4 for any Home Games for which the Luxury Suite was unusable as determined by Licensor in its sole discretion. Provided, however, that no compensation shall be claimed by or payable to Licensee by reason of any inconvenience or annoyance arising from the construction of, repairs to, or alterations of the Luxury Suite, any adjacent luxury suites, or the Ballpark. If Licensor elects not to repair and restore the Luxury Suite, this Agreement shall terminate as of the date of the damage or destruction, and any

prepayment of the Annual Fee attributable to the remainder of the License Term shall be refunded to Licensee without interest.

17.2 **Replacement Seats.** If the Luxury Suite is rendered unusable, Licensor shall offer to Licensee twelve (12) tickets for admission to the Ballpark at such locations as Licensor may determine for such regular season Home Games played in the Ballpark during the period that the Luxury Suite is not usable. If Licensee accepts such tickets, the aggregate face value of the tickets issued in exchange shall reduce the amount of the credit due to Licensee under Section 17.4.

17.3 **Baseball Labor Dispute.** If one or more regular season Home Games are not played due to a Baseball Labor Dispute, and are not rescheduled and played at the Ballpark, Licensor shall not be liable to Licensee in any manner except to provide a full credit for all Home Games not played. This credit will be determined on a pro rata basis by multiplying the Annual Fee for that License Year by a fraction, the numerator of which is the number of Home Games that were not played or that were missed in such year and the denominator of which is the number of Homes Games that were scheduled to have been played at the Ballpark during such year. The foregoing credit will be applied to the next payment of the Annual Fee due to Licensor. If all such payments have been made, or if the Annual Fee for the License Term has been paid in a lump sum, the amount of the credit will be refunded to Licensee.

17.4 **Credits for Lack of Play for Other Reasons.** If five (5) or fewer Home Games in any year are not played for any reason, except for a Baseball Labor Dispute, and are not rescheduled and played at the Ballpark, Licensee shall not receive a credit for any of such five (5) or fewer omitted games. If the Luxury Suite is unavailable for use or rendered unusable for any reason specified in Section 17.1, or if six (6) or more Home Games in any year are omitted and not rescheduled for any reason, except in the case of a Baseball Labor Dispute, Licensee will receive a credit, which will be computed at the end of each calendar year. The foregoing credit will be determined on a pro rata basis by multiplying the Annual Fee for that License Year by a fraction, the numerator of which is the number of Home Games that were not played or which were omitted in the year minus five (5) or which were played when the Luxury Suite was unavailable or unusable for the reasons specified in Section 17.1, and the denominator of which is the number of Home Games that were scheduled to have been played during such year. All credits will be applied to the next Annual Fee due to Licensor. If all such payments have been made, or if the Annual Fee for the License Term has been paid in a lump sum, the amount of the credit will be refunded to Licensee. **Notwithstanding anything to the contrary in this Section 17.4, the limitation on the credit to be received by Licensee set forth herein shall only apply to the portion of the Annual Fee that is not attributable to the ticket prices for Home Games and Licensee shall receive a credit against the portion of the Annual Fee that is attributable to the ticket price for twelve (12) tickets for each Home Game that is not played for any reason or for those Home Games played while the Luxury Suite was unavailable for the reasons specified in Section 17.1.**

18. Assumption of Risk and Indemnity.

Licensee, for Licensee and Licensee's Guests, assumes all risk of personal injury to, or for any damage to or any loss of property of, Licensee or Licensee's Guests, arising out of, during or related to their attendance at Home Games and all other events held in the Ballpark. Licensor shall not be liable or responsible for any loss, damage or injury to any person or to any property of Licensee or Licensee's Guests in, about or around the Luxury Suite or the Ballpark, resulting from any cause whatsoever, including but not limited to, theft or vandalism, unless such loss, damage or injury is due to Licensor's negligence or willful misconduct. Licensee shall indemnify, defend and hold harmless Licensor, the Giants and the Master Landlord from and against all claims, demands, liabilities, losses, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, arising from Licensee's or Licensee's Guests' use or occupancy of the Luxury Suite and the Ballpark, or the acts or failure to act of Licensee, Licensee's Guests and Licensee's officers, agents or employees, or any of them. The attorneys selected to defend Licensor and such other indemnitees shall be subject to Licensor's prior approval.

19. Insurance.

19.1 **Liability Insurance.** Licensee shall, at its sole cost and expense, obtain and keep in full force and effect at all times during the License Term a comprehensive general liability insurance policy (including, without limitation, host liquor liability coverage) with a single limit of at least one million dollars ($1,000,000), including coverage for bodily injury or death, property damage and personal injury liability and for the performance by Licensee of the indemnity provisions contained in this Agreement. Prior to Licensee's occupancy of the Luxury Suite, Licensee shall deliver to Licensor a certificate evidencing the issuance of such insurance policy. Licensee's comprehensive general liability insurance policy and certificate shall (i) name Licensor, the Giants, the Master Landlord and such other persons as Licensor shall specify as additional insureds, (ii) contain a provision by which the insurer agrees that the policy shall not be canceled except after thirty (30) days' written notice to Licensee and Licensor and (iii) be issued by insurance companies reasonably satisfactory to Licensor and qualified to do business in the State of California. The liability insurance carried by Licensee under this Agreement shall be primary over any policy carried by Licensor or the Giants.

19.2 **Payment for Insurance.** If Licensee fails to obtain or maintain the insurance required by Section 19.1, Licensor may obtain the insurance on Licensee's behalf, using reasonable efforts to obtain such insurance at a competitive rate, and the cost of such insurance shall be immediately due and payable upon demand by Licensor.

20. Disclaimer of Warranty.

The License should not be viewed or acquired as an investment and Licensee should not expect to derive any economic profits as a licensee of the License. **LICENSEE ACKNOWLEDGES THAT NEITHER LICENSOR NOR THE GIANTS NOR ANY PERSON OR PERSONS ON BEHALF OF EITHER HAVE MADE ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER REGARDING THE LICENSE OTHER THAN AS MAY BE SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY OF CONDITION, VALUE OR EXPECTATION OF VALUE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO (A) THE LICENSE, (B) THE LUXURY SUITE, OR (C) THE BALLPARK AND ITS APPURTENANT FACILITIES.**

21. Reservation of Rights by Licensor.

In addition to all rights at law or equity or under the other terms of this Agreement, Licensor hereby expressly reserves the following rights:

21.1 The right to check and verify Licensee's creditworthiness;

21.2 The right to revoke the License granted to Licensee and Licensee's rights to tickets for Home Games if Licensee's creditworthiness is not satisfactory to Licensor;

21.3 The right to assign, pledge as collateral, otherwise encumber, transfer or sell all or any part of the rights and obligations of Licensor under this Agreement to one or more third parties who shall succeed to all or any part of the rights vested in and granted herein to Licensor; and

21.4 The right to assign, lease, sublease, mortgage, otherwise encumber, transfer or sell any of Licensor's right, title and interest in and to the Ballpark and its appurtenant facilities to one or more third parties who shall succeed to all or any part of the rights vested in and granted herein to Licensor.

LICENSEE AGREES THAT UPON ANY ASSIGNMENT OF THIS AGREEMENT BY LICENSOR, LICENSOR SHALL BE AUTOMATICALLY AND FULLY RELEASED FROM, AND LICENSOR'S ASSIGNEE SHALL BE RESPONSIBLE FOR, ALL OBLIGATIONS AND LIABILITIES OF LICENSOR HEREUNDER.

22. **Representations of Licensee.**

Licensee hereby represents, warrants and agrees as follows:

22.1 Licensee has read and understands the terms of this Agreement;

22.2 Licensee is not acquiring the License as an investment and has no expectation of profit as a licensee of the License;

22.3 Licensee is acquiring the License solely for the right to use the Luxury Suite for Home Games played in the Ballpark;

22.4 Licensee is acquiring the License for Licensee's own use and not with a view to the distribution, transfer or resale to others of the License or tickets to Home Games or other events acquired by Licensee hereunder;

22.5 Licensee acknowledges that Licensee will not have, by virtue of the License, any equity or other ownership interest in either Licensor, the Giants, any manager of the Ballpark, any event promoter, the Ballpark or any of the Ballpark's facilities and will not have any rights to dividends or other distribution rights from Licensor any other party or entity described in Agreement as a result of the License, and further will not have any voting rights of any kind as a result of the License;

22.6 Licensee acknowledges that the transfer of the License is restricted and that the License may be terminated, as explained in this Agreement;

22.7 Licensee has full authority to enter into and sign this Agreement and carry out its terms and conditions and when signed, this Agreement shall be a legal and binding obligation of Licensee, enforceable in accordance with its terms; and

22.8 Licensee acknowledges that the Suite License Fee shall be used by Licensor to help finance the development of the Ballpark and shall not be used for any investment purpose whatsoever (except temporary investment of proceeds pending expenditure for such development).

23. **Construction and Opening of Ballpark.**

Neither Licensor nor the Giants makes any warranty or commitment as to the time of completion of the construction of the Ballpark, the opening of the Ballpark or as to the initial or subsequent design or configuration thereof. Notwithstanding the foregoing, Licensor shall endeavor to cause the Ballpark to be completed and open for Home Games at the start of the 2000 Baseball Season. In connection with, and after the initial construction of, the Ballpark, Licensor and the Giants reserve the right, in case of construction or design necessity, other necessity, destruction (whether whole or partial) or obsolescence, to alter or change the design or configuration of the Ballpark, including any change or alteration of the seat locations within the Ballpark, including, without limitation, the location of the Luxury Suite. If the Luxury Suite is relocated to a less advantageous location than existed prior to the alteration, the Annual Fee for each License Year that the Luxury Suite is in the new location shall be adjusted accordingly. Licensee acknowledges and agrees that, in the event of any change or alteration of the location of the Luxury Suites within the Ballpark, specific locations and assignments of Luxury Suites will be assigned and reassigned in lieu of the initial assignments thereof in order of priority of then existing assignments beginning with the most favorable vantage points within the Ballpark and proceeding in descending order to the least favorable vantage points therein as determined by Licensor.

24. **Good Faith Negotiation and Arbitration.**

24.1 **Good Faith Negotiation.** If a controversy, dispute or claim of whatever nature arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement arises between the parties hereto, the parties shall first attempt to resolve such matter through good faith negotiation.

24.2 **Arbitration.** If not settled by good faith negotiation between the parties, any controversy, dispute or claim of whatever nature arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort, equity or statute and the determination of the interpretation or scope of the parties' agreement to arbitrate, shall be settled at the request of any party to this Agreement by final and binding arbitration conducted in the City and County of San Francisco, California, administered by and in accordance with the Comprehensive or Streamlined Arbitration Rules and Procedures of J.A.M.S./Endispute, as applicable, or, if such rules no longer exist, the then existing rules of practice and procedure of J.A.M.S./Endispute (both sets of rules are collectively referred to as the "Rules of J.A.M.S./Endispute"), and judgment upon any award rendered by the arbitrator may be entered by any state or federal court having jurisdiction thereof. The arbitrator shall be a retired California or federal judge selected in accordance with the Rules of J.A.M.S./Endispute. The arbitrator and not a jury will decide the dispute.

24.3 **Discovery.** Discovery in any arbitration shall be permitted but it shall be limited to one deposition and the exchange of documents and witness lists.

24.2 **Power of Arbitrator.** The arbitrator in an arbitration proceeding shall have the power to award damages or grant remedies that would otherwise be available under California law in a California state court having jurisdiction of the matter, but shall not have the power to award any other damages or grant any other relief, and shall not have the power to award punitive damages against any party or to vary the provisions of this Agreement. The arbitrator shall determine which is the prevailing party and shall include in the award that party's reasonable attorneys' fees and expenses and the costs and fees of arbitration, including the fees of J.A.M.S./Endispute.

24.5 **Confidentiality.** Except as otherwise required by law, the parties agree that the arbitration procedure will be confidential, all conduct, statements, promises, offers, views and opinions, oral or written, made during the arbitration by any party or a party's agent, employee or attorney will

remain confidential and, where appropriate, will be considered work product and privileged, and the existence and the results of the arbitration will be maintained by the parties and their respective agents, employees and attorneys as confidential at all times.

24.6 **Successor to J.A.M.S./Endispute.** In the event that J.A.M.S./Endispute is no longer in existence at the time that arbitration is requested, the dispute shall be submitted to arbitration in accordance with the rules and procedures of the successor to J.A.M.S./Endispute or, if there is no such successor, the matter shall be submitted to an organization that consists of members similar to J.A.M.S./Endispute or its successor.

25. Additional Terms.

25.1 **Ballpark Agreements.** All rights granted to Licensee pursuant to this Agreement are subject to the terms and conditions of all agreements governing the use, occupancy and operations of the Ballpark, including, without limitation, management agreements, leases, subleases and concessionaire agreements. It is expressly acknowledged that notwithstanding any other provision of this Agreement, however, it is Licensor's intent that the License will remain valid during the License Term as long as the Giants play Home Games at the Ballpark.

Resale of Tickets. Licensee and Licensee's Guests shall have no right to resell any of the admission tickets to the Ballpark, the Guest Passes to the Luxury Suite or any parking passes purchased by Licensee or provided to Licensee. Any purported sale, transfer or assignment in violation of this provision shall be null and void and shall constitute an Event of Default hereunder.

25.3 **Third Party Beneficiary.** Licensee hereby acknowledges that although the Giants is not a party to this Agreement, the Giants is a third party beneficiary under this Agreement and will directly and/or indirectly realize certain benefits from this Agreement.

25.4 **Subordination, Attornment and Non-Disturbance.**

(a) This Agreement and License shall be subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the Luxury Suite or the Ballpark and to any and all advances made on the security thereof or Licensor's interest therein, and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding the foregoing, if any mortgagee or beneficiary shall elect to have this Agreement and License prior to the lien of its mortgage or deed of trust, and shall give notice thereof to Licensee, this Agreement and License shall be deemed prior to the mortgage or deed of trust, whether this Agreement is dated prior or subsequent to the date of the mortgage or deed of trust or the date of recording thereof. In the event any mortgage or deed of trust to which this Agreement and License is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, Licensee shall attorn to the purchaser at the foreclosure sale or to the grantee under the deed in lieu of foreclosure. Licensee agrees to execute any documents required to effectuate such subordination, to make this Agreement and License prior to the lien of any mortgage or deed of trust, or to evidence such attornment.

(b) In the event any mortgage or deed of trust to which this Agreement and License is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, this Agreement and License shall not be barred, terminated, cut off or foreclosed nor shall the rights and possession of Licensee hereunder be disturbed if Licensee shall not then be in default in the payment of the Annual Fees and other sums due hereunder or otherwise be in default under the terms of this Agreement and License, and if Licensee shall attorn to the purchaser or grantee as provided in Section 25.4 (a) above or, if requested, enter into a new license agreement for the Luxury Suite for the balance of the term hereof upon the same terms and provisions as are contained in this Agreement.

(c) Licensee hereby irrevocably appoints Licensor the true and lawful attorney-in-fact of Licensee to execute in Licensee's name (i) any document or agreement required to effect the subordination, priority and/or attornment provided in Section 25.4(a) or (ii) any new license agreement for the Luxury Suite as provided in Section 25.4(b).

25.5 **Assignment by Licensee.** Licensee may not sell, assign, sublicense, relicense, pledge or otherwise transfer or encumber this Agreement or the License or any of Licensee's rights and obligations hereunder without the prior written consent of Licensor, which consent may be withheld in Licensor's sole and absolute discretion. Notwithstanding the foregoing, Licensor will not withhold its consent to assignment of this Agreement and the License to:

(a) a member of Licensee's immediate family;

(b) a trust established for the benefit of Licensee or a member of Licensee's immediate family;

(c) an affiliate of Licensee that controls, is controlled by or is under common control with Licensee; or

(d) an entity that acquires by merger or by acquisition of stock or assets all of the rights and obligations of Licensee under this Agreement.

No consent by Licensor hereunder to any assignment of this Agreement or the License shall relieve Licensee of any of its obligations under this Agreement and Licensee shall remain liable therefor.

25.6 **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflict of laws.

25.7 **Notices.** All notices and other communications required to be given pursuant to this Agreement to Licensor or to Licensee shall be in writing and shall be sent to the addresses set forth in Section 1(c) in the case of Licensee, and Licensor's signature page in case of Licensor. Any notice given herein shall be deemed delivered when addressed as above provided, postage prepaid, and deposited in a United States General or Branch Post Office for delivery by first class mail or deposited with a nationally recognized overnight courier.

25.8 **Entire Agreement; Modification.** This Agreement contains the entire agreement of the parties with respect to the matters provided for herein, and shall supersede any representations or agreements previously made or entered into by the parties hereto (whether oral or written). No modification to this Agreement shall be valid or enforceable unless in writing, signed by both parties.

25.9 **Binding Effect.** This Agreement and all the terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns. This Agreement shall not be binding and enforceable until signed by a duly authorized representative of Licensor. An original counterpart of this Agreement, signed by Licensor, is on file at Licensor's offices. A copy of the completed and signed Agreement will be mailed to Licensee. Any incomplete or altered Agreement may be rejected by Licensor.

25.10 **Severability.** If any provision of this Agreement shall be held invalid or unenforceable, the remainder of this

Agreement shall not be affected, but shall continue to be valid and enforceable to the fullest extent permitted by law.

25.11 **Time of Essence.** Time is of the essence with respect to the payment by Licensee of any installment of the Suite License Fee, any installment of the Annual Fee and any other monetary obligation and the performance by Licensee of any other obligation contained in this Agreement.

25.12 **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

25.13 **Exhibits and Schedules.** All exhibits and schedules attached hereto are incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

Licensor:

CHINA BASIN BALLPARK COMPANY LLC, a Delaware limited liability company

By _____

Its _____

Licensor's Address For Notices:

3COM PARK AT CANDLESTICK POINT
SAN FRANCISCO, CA 94124

Licensee:

[The Signature Page for the Licensee(s) is on the next page]

This signature page is attached to and made a part of that certain Luxury Suite License Agreement executed for Luxury Suite No. _____, Level _____, dated as of _____, 199___

LICENSEE:

_____

(Name of Entity or Individual)

By: _____

Its: _____

CO-LICENSEE:

_____

(Name of Entity or Individual)

By: _____

Its: _____

Address: _____

_____

_____

_____

Phone: _____

FAX #: _____

CO-LICENSEE:

_____

(Name of Entity or Individual)

By: _____

Its: _____

Address: _____

_____

_____

_____

Phone: _____

FAX #: _____

CO-LICENSEE:

_____

(Name of Entity or Individual)

By: _____

Its: _____

Address: _____

_____

_____

_____

Phone: _____

FAX #: _____

Make checks payable to:

Chase Manhattan Bank, as Escrow Agent

Return Licensee's signature page(s) and mail check to:

China Basin Ballpark Company LLC
Pacific Bell Park Preview Center
660 Third Street, 1st Floor
San Francisco, CA 94107

SCHEDULE 1

Definitions

As used in this Agreement, the following terms have the stated meaning:

"**Annual Fee**" means the license fee paid by Licensee to Licensor during each License Year of the License Term.

"**Ballpark**" means the ballpark to be constructed in the China Basin area of San Francisco, California, on a site generally bounded by Second, Third and King Streets and China Basin under a ground lease directly or indirectly from the Master Landlord for use by the Giants known as Pacific Bell Park.

"**Baseball Season**" or "**Baseball Seasons**" means the season during which Major League Baseball games are played.

"**Baseball Labor Dispute**" means a strike by or a lockout of the Major League Baseball Player's Association or members thereof.

"**Classic Events**" means any Major League Baseball All-Star Game or any Division Playoff, League Championship Series or World Series Baseball Games in which the Giants participate.

"**Co-Licensee**" has the meaning given in Section 8.

"**Encumbrance**" means any ground lease or other lease, mortgage, deed of trust or any other hypothecation for security now or hereafter placed upon the Luxury Suite or the Ballpark by Licensor.

"**Escrow Account**" means the account retained by the Escrow Agent to hold the Suite License Fee, all other suite license fees, the club seat license fees and charter seat license fees in connection with Licensor's sales of luxury suite licenses, club seat licenses and charter seat licenses for the Ballpark.

"**Escrow Agent**" means Chase Manhattan Bank or an affiliate thereof, which will hold the Suite License Fee in the Escrow Account.

"**Escrow Agreement**" means the escrow agreement between Licensor and the Escrow Agent in respect of the Escrow Account.

"**Event of Default**" means any one or more of those events specified in Section 16.

"**Giants**" means the San Francisco Giants, a member club of the League.

"**Guest Pass**" or "**Guest Passes**" means the passes given to Licensee in accordance with Section 6.

"**Home Game**" or "**Home Games**" means the pre-season, exhibition and regular season home baseball games played by the Giants in the Ballpark.

"**League**" means the National League of Professional Baseball Clubs, of which the Giants is a member club.

"**License**" means the license to use the Luxury Suite granted to Licensee under this Agreement.

"**License Term**" means the term provided in Sections 1(g) and 4.1.

"**License Year**" means the period between February 1 and January 31 of each year during the License Term except that the first License Year shall commence on Opening Day.

"**Licensee's Guests**" means Licensee's invitees and guests.

"**Luxury Suite**" means the Luxury Suite licensed to Licensee under this Agreement.

"**Managing Co-Licensee**" has the meaning given in Section 8.

"**Master Landlord**" means the governmental entity with whom Licensor will enter into a ground lease or ground sublease for the Ballpark. Such entity may be the San Francisco Redevelopment Agency, the City and County of San Francisco and/or any other governmental agency.

"**New License Notice**" means the written notice delivered by Licensor to Licensee in respect of Section 4.3.

"**New License**" means the new license opportunity described in the New License Notice sent to Licensee pursuant to Section 4.3.

"**Opening Day**" means the day on which the Giants play their first Home Game in the Ballpark.

"**Reservation Deposit**" means the ten thousand dollars ($10,000) paid by Licensee to Licensor at the time Licensee reserved the Luxury Suite.

"**Suite License Fee**" means the amount of $120,000 due and payable by Licensee prior to the commencement of the License Term in accordance with Section 5.1.

EXHIBIT A

Description of Luxury Suite, Benefits and Services

The Luxury Suite is a private suite with twelve (12) open-air seats facing the playing field and an enclosed entertainment area behind the open seats.

Suite Benefits and Amenities.

The Luxury Suite program will contain the following amenities and services:

- 12 tickets to every Giants Home Game.
- Four Guest Passes for patrons who have purchased admission tickets to the Ballpark for Home Games.
- Two priority parking spaces with access to an additional two spaces.
- Special catering services for the Luxury Suite.
- Access to a well-appointed business conference center for meetings and for telecommunications, teleconferencing and audiovisual services as well as facsimile transmission, photocopying and overnight mail services.
- Two color television monitors with multiple programming options, with standard all-channel reception for the area and closed circuit broadcasts of Home Games and other baseball games played by the Giants and any Major League Baseball All-Star Game (if available).
- High-quality stereo, compact disk player and tuner.
- Dedicated suite manager for special catering services, conference center bookings, ordering tickets for non-Ballpark events, making priority restaurant reservations and coordination of Guest Passes.
- Direct access to Club Level, access to Club restaurants and lounges, banquet facilities and entertainment complex for company events and private parties.
- Right of first refusal to purchase up to 12 tickets to all non-Baseball events at the Ballpark.
- Wet bar, upgraded refrigerator and high-speed ice maker.
- Private Suite entrances and elevators.
- Furniture—four nicely upholstered chairs and one coffee table and one buffet table.
- Carpet, sliding glass door to seating area to terraced seats and coat closet with storage area.
- Locking cabinets for accessories and personal belongings.
- Telephone with dual lines.
- Priority reservations at the restaurants in the Ballpark.
- Nameplate outside of the Luxury Suite personalized for Licensee (at Licensee's option).
- Cleaning services.

PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Execute Contract Modification No. 3 for Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," to Modify the Scope of Work and to Increase the Contract Amount to $2,298,547.

DIRECTOR'S RECOMMENDATION: AUTHORIZE PORT STAFF TO EXECUTE CONTRACT MODIFICATION NO. 3 FOR CONTRACT No. 2658, "PIERS 1-1/2 TO 5 MARGINAL WHARF REPAIR, PHASE I"

On May 9, 2000, the Commission authorized award of Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," to low bidder Power Engineering Contractors, Inc. (Contractor) at a cost of $999,701, and authorized a 10% contingency. The work under this contract, as originally intended, was limited to the first bay of marginal wharf from Piers 1-1/2 to 5. The contract required that the work start on January 1, 2001.

Subsequent to starting the work, the Port determined that additional work would be necessary to maintain vehicular and pedestrian access to the Pier 3 parking facility during and after the construction. Therefore, on September 19, 2000, the Port Commission authorized Contract Modification No. 1, at a cost of $384,710, to include the repair work at the Pier 3 main entrance to allow continued vehicular and pedestrian access. On November 21, 2000, the Commission authorized Contract Modification No. 2 for long-term repairs to the Public Access Corridor north of the Pier 3 main entrance at a cost of $301,055.

Upon commencement of the demolition required for the repairs, the Contractor discovered that the concrete deck, beams, girders, piles, and pile caps are in significantly worse condition than anticipated by the construction documents developed by the Port's outside

This Print Covers Calendar Item No. **4A**

engineer. After further site investigation and material testing, the repair details were revised to accommodate the unforeseen additional deterioration and damage to the structural framing. The new repair details require significantly more demolition and repair work than required by the original contract bid documents.

The project is currently in a very vulnerable structural condition with building columns and beams shored, the marginal wharf partially demolished, and pedestrians and vehicles using the main entrance to Pier 3. It is important that the work resume according to the revised details as soon as possible. The Contractor reviewed the new repair details and provided a cost estimate to the Port for the total repair which substantially exceeds the Port's budget for this Project. Port Staff has negotiated a reduced scope of work for only those repairs necessary to maintain continued vehicular and pedestrian access through the Pier 3 main entrance and the Public Access Corridor. To accomplish this revised scope of work at an increased unit cost, the contract value must be increased by the sum of $613,081 to $2,298,547. The total contract amount is summarized as follows:

Contract Award:	$999,701
Contract Modification No. 1	384,710
Contract Modification No. 2	301,055
Contract Modification No. 3	613,081
Total Contract Amount Authorized	$2,298,547

The developer of Piers 1 ½, 3 and 5 will perform the remainder of the marginal wharf repairs required at these sites. Port Staff has advised the developer about the existing marginal wharf condition and the Port's reduced repair plan.

To address unforeseen site conditions, Port Staff seeks Commission authorization to execute Contract Modification No. 3 to Contract No. 2658 to increase the contract amount to $2,298,547 plus a 3% contingency of $68,956.

Prepared by: Lloyd Soohoo, Project Engineer

For: Nita Mizushima, Acting Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-18

WHEREAS, on May 9, 2000 the Commission authorized award of Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," to Power Engineering Contractors, Inc. at a cost of $999,701.00, and

WHEREAS, subsequent to starting the Work, the Commission authorized execution of Contract Modifications No. 1 and 2, for $384,710 and $301,055 respectively, to maintain vehicular access and pedestrian access at Pier 3, and

WHEREAS, upon commencement of the Work, the Contractor found the concrete deck, beams, girders, piles, and pile caps to be in significantly worse condition than anticipated by the construction documents, and

WHEREAS, Structus Consulting Engineers has provided revised plans and details to accommodate these unforeseen conditions, and

WHEREAS, the revised plans require a significantly increased scope of repair and corresponding cost; and

WHEREAS, Port Staff has negotiated a reduced the scope of work and cost to include only those repairs necessary to maintain continued vehicular and pedestrian access through the Pier 3 main entrance and pedestrian access through the Public Access Corridor, and

WHEREAS, with the reduced scope of work and increased unit cost of the required repairs, the contract value must be increased to $2,298,547; now therefore be it

RESOLVED, that the San Francisco Port Commission authorizes the execution of Contract Modification No. 3 to Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," with Power Engineering Contractors, Inc. to increase the contract amount to $2,298,547, plus a 3% contingency of $68,956.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its special meeting of March 13, 2001.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Permission to Advertise for Competitive Bids for 2001-2002 Maintenance Dredging.

DIRECTOR'S RECOMMENDATION: TO AUTHORIZE STAFF TO ADVERTISE FOR COMPETITIVE BIDS FOR THE 2001-2002 MAINTENANCE DREDGING CONTRACT

The Port will require maintenance dredging at several Port facilities during 2001 and 2002. The sites which have need of dredging include Pier 35 East, Pier 35 West, Pier 80, Pier 27, Pier 92, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 94/96 and other sites on the San Francisco waterfront. Therefore, Port Staff requests authorization to seek competitive bids for the 2001-2002 maintenance dredging program. The scope of work includes disposal of dredged materials unsuitable for in-bay disposal. The contract will incorporate the dredge disposal requirements noted in the "Long Term Management Strategy for the San Francisco Bay" developed by the Dredging Material Management Organization including provision for ocean disposal and for re-use of dredge materials. The contract scope of work includes contractor mobilization and demobilization, surveying, dredging, and dredge material and debris transportation and disposal.

Staff intends to request bidding on a unit price basis and shall determine the low bidder based on 372,500 cubic yards of dredge material. Due to limited funds appropriated at the time of award, the contract award will include the initial quantity of 112,500 cubic yards. After additional funding becomes available, the contract will be modified to fund the full amount of the necessary work.

Prepared by: Ed Byrne, Senior Civil Engineer, SE for
Nita Mizushima, Acting Chief Harbor Engineer

This Print Covers Calendar Item No. **4B**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-19

WHEREAS, during 2001 and 2002 the Port will require maintenance dredging at Pier 35 East, Pier 35 West, Pier 80, Pier 27, Pier 92, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 94/96 and other sites within the jurisdiction of the Port of San Francisco waterfront; and

WHEREAS, Port Staff expects that this dredging will require the disposal of materials unsuitable for in-bay disposal; and

WHEREAS, the contract for this maintenance dredging will incorporate the new dredge disposal requirements noted in the "Long Term Management Strategy for the Bay" developed by the Dredging Material Management Organization including provision for ocean disposal and for re-use of dredge spoils; and

WHEREAS, the scope of dredging work will include contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal; and

WHEREAS, Staff intends to seek competitive bidding on a unit price basis and shall determine the low bidder based on an estimated 372,500 cubic yards of dredge material; and

WHEREAS, due to limited funds appropriated at the time of award, the initial contract award will include 112,500 cubic yards; and,

WHEREAS, after additional funding becomes available, the contract will be modified to fund the full amount of the necessary work; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port Staff to advertise for competitive bids for the maintenance dredging contract for 2001-2002.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2001.

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Secretary

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PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Modify Contract No. 2666, "China Basin Shoreline Stabilization Project", to Include All Additive Alternate Bid Items, for a Not-To-Exceed Contract Amount of $570,700.

DIRECTOR'S RECOMMENDATION: AUTHORIZE PORT STAFF TO MODIFY CONTRACT No. 2666, "CHINA BASIN SHORELINE STABILIZATION," TO INCLUDE ALL ADDITIVE ALTERNATE BID ITEMS, FOR A NOT-TO-EXCEED AMOUNT OF $570,700.

On December 20, 2000, the Commission authorized award of Contract No. 2666, "China Basin Shoreline Stabilization Project." to Peak Engineering, Inc. This construction project provides approximately 830 linear feet of new shoreline protection along the southern edge of China Basin from the Third Street Bridge to the edge of Pier 48.

Pursuant to Commission resolution no. 00-105, this contract was awarded to Peak Engineering, Inc. for the amount of $397,400. The award included the base bid and additive Alternate Bid Items A2a and A2b, providing approximately 600 linear feet of new shoreline protection. The Commission also authorized Port Staff to modify the contract, if additional funding became available, to include additive Alternate Bid Items A3a, A3b, A4c, A4d, up to a total contract amount of $505,800 plus a 11.9% contingency of $60,190. Additive Alternate Bid Items A3a, A3b, A4c, A4d provide for approximately 180 linear feet of additional shoreline protection and a portion of the large decorative rocks.

This Print Covers Calendar Item No. **4C**

Additional funding has recently become available enabling the Port to include in the contract scope not only those additive Alternate Bid Items previously authorized by the Commission, but all the remaining additive Alternate Bid Items included in the original bid documents. The remaining additive Alternate Bid Items are A1a, A1b, A4a, A4b, A5 and A6, providing for approximately 50 linear feet of additional shoreline protection and the remaining portion of large decorative rocks. The contractor's price for additive Alternate Bid Items A1a, A1b, A4a, A4b, A5 and A6 is $64,900.

Port staff now recommends that the Commission authorize Contract Modification No. 1 in the amount of $173,300 to include the additive Alternate Bid Items A1a, A1b, A4a, A4b, A5 and A6 and the previously authorized additive Alternate Bid Items A3a, A3b, A4c, A4d. With this contract modification, the Contractor will provide a total of 830 linear feet of shoreline protection. This contract modification will increase the total contract not-to-exceed amount to $570,700. Port staff also recommends a 10% contingency of $57,070.

Staff recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu, Associate Civil Engineer for
Nita Mizushima, Acting Chief Harbor Engineer

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-20

WHEREAS, on December 20, 2000, the Commission authorized award of Contract No. 2666, "China Basin Shoreline Stabilization Project." to Peak Engineering, Inc, for the amount of $397,400 plus a 10% contingency of $39,740; and

WHEREAS, this awarded construction project provides approximately 600 linear feet of new shoreline protection along the southern edge of China Basin from the Third Street Bridge to the edge of Pier 48; and

WHEREAS, pursuant to Commission resolution no. 00-105, this contract was awarded to Peak Engineering, Inc. for the amount of $397,400, which included the base bid and additive Alternate Bid Items A2a and A2b, and

WHEREAS, the Commission also authorized Port Staff to modify the contract, if additional funding became available, to include additive alternate bid items A3a, A3b, A4c, A4d, up to an total contract amount of $505,800 plus a 11.9% contingency of $60,190; and

WHEREAS, those additive bid items previously authorized by the Commission provide approximately 180 linear feet of additional shoreline protection and a portion of large decorative rocks; and

WHEREAS, additional funding has recently become available to staff, enabling the Port to include in the contract scope not only those additive Alternate Bid Items previously authorized by the Commission, but all the remaining additive Alternate Bid Items included in the original bid documents; and

WHEREAS, the remaining additive Alternate Bid Items A1a, A1b, A4A, A4b, A5 and A6 will provide approximately 50 linear feet of additional shoreline protection and the remaining portion of the large decorative rocks; and

WHEREAS, this modification will include additive Alternate Bid Items A1a, A1b, A4A, A4b, A5 and A6 plus the previously authorized additive Alternate Bid Items A3a, A3b, A4c and A4d to increase the total contract not-to-exceed amount to $570,700; now therefore be it

RESOLVED, that the Commission authorizes execution of Contract Modification No.1 in the amount of $173,300 to increase the total contract not-to-exceed amount to $570,700 plus a 10% of total contract price contingency of $57,070; and be it further

RESOLVED, that the Executive Director is authorized to accept the work upon it's completion.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2001.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Presentation on the Proposed Design and Land Use Program for the Bryant Street Pier Mixed Use and Cruise Terminal Project located on Pier 30-32 and Seawall Lot 330 in the South Beach Waterfront.

DIRECTOR'S RECOMMEDATION: Informational Item Only: No Action Required

BACKGROUND:
On May 25, 1999, the Port Commission approved Resolution No. 99-36, authorizing Port staff to issue an RFQ/P for the design and development of the Bryant Street Pier Project, including the James R. Herman Cruise Terminal, on Pier 30-32 and Seawall Lot 330 (the "Project"). On January 20, 2000, after an extensive review and evaluation of qualifications and proposals received, the Port Commission approved Resolution No. 00-03, authorizing Port staff to enter into exclusive negotiations with San Francisco Cruise Terminal LLC (the "Developer") for the Project.

As required in the RFQ/P, the Developer's proposal includes the required cruise terminal facilities, as well as a mix of uses to activate the Pier on a year-round basis. Non-cruise Pier uses proposed by the Developer include office, an arts screen cinema, a live music venue, public access and open space, preserving Red's Java House, retail and entertainment, boat docks for excursion and visiting boats, among other uses. Seawall Lot uses being considered include hotel and/or residential.

During the past months, the Developer has continued to conduct their due diligence studies, and the Port and the Developer have begun a series of outreach meetings with the community, regulatory and user groups to receive their input into the Project as the proposed design and land use program continues to evolve.

At the Port Commission meeting on February 13th, the Developer gave an informational presentation on the Cruise Terminal operations and marketing plan and received comments from the Port Commission and members of the public.

This Print Covers Calendar Item No. **5A**

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The purpose of the March 13th presentation is to receive comment from the Port Commission and the public on the Developer's current proposed land use program and design (the "Current Proposed Project") for the rest of the Bryant Street Pier mixed use project. The Current Proposed Project reflects the Developer's due diligence and the public and regulatory agency input received to date. After the Port Commission meeting, the Developer expects to make similar presentations to neighborhood groups (e.g. the Rincon Point South Beach CAC) and public agencies (e.g. Planning Department staff; the Port's Waterfront Design Advisory Committee, BCDC's Design Review Board, etc.) to continue to receive input and comments as the design and land use program is further refined.

Prepared by Anne Cook, Manager, Waterfront Development Projects

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PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to transfer to the Treasure Island Development Authority the five extant "Pageant of the Pacific" murals by artist and anthropologist Miguel Covarrubias, originally commissioned for and displayed at the Pacific House at the Golden Gate International Exposition (1939-40 Treasure Island World's Fair) and later displayed at the World Trade Center in the Ferry Building.

RECOMMENDATION: Authorize the transfer to the Treasure Island Development Authority of the five extant "Pageant of the Pacific" murals by Miguel Covarrubias

Artist and anthropologist Miguel Covarrubias was a famed illustrator for *Vanity Fair* and the *New Yorker* in the 1920s and later. The director of the Pacific House at the Golden Gate International Exposition (1939-40 Treasure Island World's Fair) asked Covarrubias to create mural maps for the building's interior. Pacific House was to be the cultural center of the World Fair's "Pageant of the Pacific". Covarrubias researched and painted the "Pageant of the Pacific" Murals ("Murals") that have been displayed inside the entrance and alongside the ramps to the second and third floors in the World Trade Center ("Center") portion of the Ferry Building since the Center's development in the late 1950s. *Fortune* magazine at the time observed "Not only are the mural maps first-rate works of art, but the research job behind them is prodigious". The Murals were loaned to New York's Museum of National History after the Fair, and five of the six were later returned to the Bay Area and installed in the Center. The sixth "Art and Artifacts" mural was never returned, and its fate is unknown.

THIS PRINT COVERS CALENDAR ITEM NO. **5B**

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Prior actions of the Port Commission (Resolution No. 98-114, November 17, 1998; Resolution No. 99-67, August 24, 1999; and (Resolution No. 99-77, September 21, 1999) have led to a Lease Deposition and Development Agreement and Ground Lease with Ferry Building Investors, LLC, ("FBI") to rehabilitate the Ferry Building, and restore major elements of the building to its 1898 architectural character. This will reverse the now recognized as unfortunate 1950s Center alterations which removed, altered or concealed much of the Ferry Building's historic fabric and character. This has the result of eliminating the walls and spaces where the Murals have been displayed since the 1950s. There are no adequate replacement locations in the Ferry Building as it was originally built, and as it is to be rehabilitated, for their future display.

Port staff alerted the Treasure Island Development Authority to this situation, and their staff expressed interest in recovering the Murals for display at Treasure Island as part of their planned redevelopment of that resource. Arts Commission staff have been most helpful with advice and assistance in how to relocate the Murals, and by providing information about their provenance and appropriate documentation for their display at Treasure Island. FBI has funded work by an arts conservator and mural expert, Anne Rosenthal, to document the existing condition of the Murals and provide general recommendations for their future restoration. FBI has also agreed to fund their removal to Treasure Island by Atthowe Fine Arts Services, a third-generation business dedicated to the handling of fine art and fragile objects. The Murals would be stored in a Treasure Island warehouse housing other art from the World's Fair until appropriate display areas are created for their future viewing.

The transfer of the Murals to the Treasure Island Development Authority requires action by the Port Commission to make the Murals available, and action by the Authority to accept the Murals, and will be documented by an inter-department transfer agreement approved by the City Attorney's Office. The agreement will provide that the murals will be transferred at no cost to the Port, and that the Port will have no liability for any future claims or losses related to the Murals at Treasure Island.

RECOMMENDATION: Port staff recommends that the Commission authorize the transfer of the Murals to the Treasure Island Development Authority.

Prepared by: Alec Bash, AICP, Waterfront Planner—Special Projects

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PORT COMMISSION

CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-17

WHEREAS, The Miguel Covarrubias "Pageant of the Pacific" Murals ("Murals"), originally commissioned for and displayed at the Golden Gate International Exposition (1939-40 Treasure Island World's Fair), have been displayed in the World Trade Center ("Center") portion of the Ferry Building since the Center's development in the late 1950s.; and

WHEREAS, Prior actions of the Port Commission (Resolution No. 98-114, November 17, 1998; Resolution No. 99-67, August 24, 1999; and (Resolution No. 99-77, September 21, 1999) have led to a Lease Deposition and Development Agreement and Ground Lease with Ferry Building Investors, LLC, ("FBI") to rehabilitate the Ferry Building, and restore major elements of the building to its original 1898 architectural character; and

WHEREAS, The rehabilitation of the Ferry Building will reverse the Center's 1950s alterations which removed, altered or concealed much of the Ferry Building's historic fabric and character, with the result of eliminating the walls and spaces where the Murals have been displayed; and

WHEREAS, There are no adequate replacement locations in the Ferry Building as it was originally built, and as it is to be rehabilitated, for the future display of the Murals; and

WHEREAS, The Treasure Island Development Authority has expressed interest in recovering the Murals for display at Treasure Island as part of their planned redevelopment of that resource; and

WHEREAS, The transfer of the Murals to the Treasure Island Development Authority requires action by the Port Commission to make the Murals available, and action by the Authority to accept the Murals; and

WHEREAS, The transfer of the Murals to the Treasure Island Development Authority will be documented by an inter-department transfer agreement approved by the City Attorney's Office, which will provide that the murals will be transferred at no cost to the Port, and that the Port will have no liability for any future claims or losses related to the Murals at Treasure Island; now therefore, be it

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RESOLVED, That the Port Commission hereby authorizes the transfer of the Murals to the Treasure Island Development Authority; and be it further

RESOLVED, That the Executive Director, or his designee, in consulatation with the City Attorney's Office, is directed to prepare and execute those documents necessary to effect the transfer as described in this Resolution, and to take all such further action as is necessary to carry out the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 13, 2001.

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Secretary

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CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

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MINUTES OF THE REGULAR MEETING
MARCH 13,2001

1. **ROLL CALL**

Commission President Kimberly Brandon called the meeting to order at 4:10 p.m. The following Commissioners were present: Kimberly Brandon, Brian McWilliams, Denise McCarthy, Michael Hardeman and Pius Lee.

2. **APPROVAL OF MINUTES** - February 13, 2001 Regular Meeting
- February 27, 2001 Regular Meeting

Commissioner Brandon made a correction on Page 12 of the February 13th minutes to reflect the fact that the Port Commission approved a Memorandum of Understanding (MOU) and not exclusive negotiation agreements.

ACTION: Commissioner McWilliams moved approval as amended; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The minutes of the February 13 & 27 meeting were adopted.

3. **EXECUTIVE**

A. Executive Director's Report

Mr. Wong reported that the Business Times nominated the Pier 1 building as one of the finalists for the new office development for 2000. The award ceremony will take place on Thursday, March 22 at the Palace Hotel.

Mr. Wong invited the Commission to attend a reception for Robert Tufts and Angelo Siracusa for their dedication and leadership on the San Francisco Bay Conservation and Development Commission. The reception will take place on April 5 at the AMB Offices at Pier 1. Bob Tufts served as BCDC's chair from May 1984 to February 2001. Angelo Siracusa served as vice chair from April 1993 to February 2001.

B. Approval of Purchase of Luxury Suite at Pacific Bell Park (Resolution No. 01-16)

Mr. Ben Kutnick, Director of Finance, presented the item and requested Commission's approval.

Commissioner McWilliams indicated that he was not in favor of purchasing the luxury suite at Pacific Bell Park. Although it is a great idea to market the Port, there are a number of unfunded positions in Maintenance and in other divisions of the Port that impact the Port's ability to provide service to its tenants, impact the Port's future revenues, deferred maintenance, rent credits and other things that would ultimately

cost the Port. It would be more cost effective for the Port to perform those functions in-house but the Port is unable to get positions filled because of budgetary restrictions. The Commission and staff are working to get a favorable decision from the budget committee to ensure the positions are approved. Although the Port's appetite for filling those positions has not, for practical reasons, been very ambitious compared to what it is needed. Commissioner McWilliams indicated that he would look at this differently if the Port has the money to fill the positions in order to provide the resources to the departments that do the work. He asked the following questions: (1) number of positions needed in Maintenance; (2) number of positions necessary to take care of deferred maintenance on a scheduled and systematic way that could be managed over a reasonable period of time; (3) number of positions pending on the budget; (4) number of positions likely to be approved from the pending budget. Commissioner McWilliams noted that if we are going to make this kind of investment at the Port, at this point, it would be a better investment to invest in people to do the work and provide the resources for the department that provide those services to the tenants and ultimately provide that product to the City.

Commissioner Brandon agreed with Commissioner McWilliams' comments regarding the need for more employees which is why the Commission increased the number of positions in the proposed budget. Unfortunately, most of the positions would probably be cut before it comes back to the Commission. The money to purchase the luxury suite, however, would be coming out of the promotional budget. The Port should have a luxury suite and the Mayor should have a suite. If this item is approved , the Port would share it with other City agencies provided that they have to pay for their share.

Commissioner McWilliams asked for a response to his questions. Mr. Kutnick replied that the staffing at the Port is an issue that has been discussed at length in the past. In FY 1992/93, the Port had 245 positions; today, the Port has 229 employees. The Port is requesting an additional 15 positions for next year's budget; 10 of which are in the Engineering & Maintenance budget (4 engineering and 6 maintenance.) Mr. Kutnick indicated that whether this box is purchased or not, it will not have any impact on adding new positions or not to the budget. It would not be possible to add another position to this year's budget. The one-time fee for $120,000 and the $66,000 ticket price for the upcoming season will be paid from the current year budget which ends June 30. The following year, the tickets will increase by 3% to $68,549; which is equivalent to one additional position. Staff will do its best to get those new positions approved in the budget. Last year, the Port requested seven new positions, only five were approved. This year, staff does not expect to get all 15 positions approved but staff will do its best.

Commissioner McWilliams commented that the Port is an enterprise agency and is different from other agencies. The Port generates its own revenues and its budget does not come out of the City's general fund. The Port also generates and takes care of its own liabilities. He encouraged the Commission and staff to get the point across to City Hall because it is akin to meter-minders. The more positions you get, the more value you generate. Something that should not be part of the equation is holding the Port hostage to the general limitations of the City's General Fund budget considerations. This seems to be the mindset of what goes on. If we are allowed to fund the positions we need, other City agencies feel that that work under different criteria are going to

want to do the same thing. This is not a reasonable thing for them to expect. The Port and staff have to get that message across to City Hall. The Port should not be held to that criteria because it does not make sense for the Port. It will hurt the City in the long run. It is going to create a value for the Port to be able to fill those positions. This is a very important issue for the long-term health of the Port.

Bill Kedem, resident of 101 Lombard, read his letter to the Commission for the record. "On behalf of many members of the public, this is to confirm my objection to the Port's purchase of a luxury suite at Pacific Bell Park. This $741,341.90 purchase does not suit the needs of the Port as a public trust and this purchase is not directly related to maritime activities. The "joint sharing" agreement with the City is unclear and as far as we knows, is unapproved by relevant City authorities. The Port already holds season tickets to Giants games and it should have negotiated a more favorable ticket/luxury box agreement with the Giants when the Commission originally approved the Pacific Bell Park Land Use Agreement. The $741,341.90 would be better spent by the Port on activities which would provide more direct benefits to the public at large, including but not limited to, more public transit arrangements along the Embarcadero. It is kindly requested that future request of this nature list the total lump sum financial value in addition to the initial lease and yearly costs."

Regarding the public transit arrangements, Mr. Kedem understands that the financial department has a certain promotional budget. He suggested that the Port get some of the trolleys that the private companies are warehousing at Pier 27-31 and contract with them on a competitive basis. Put the Port of San Francisco on the outside of those trolleys and let them run up and down and this will serve the public and it will be promotional as well.

Jennifer Clary, SFT, indicated that this is not an appropriate use of public funds. She noticed that on page X-5 of the Executive Budget, the Port spent $33,000 this year on 10 season tickets to Pac Bell Park. The Port is now proposing to double that amount on an annual basis not counting the $120,000. Since the Port is doubling the budget, she asked what the Port has to show for the $33,000 spent last year. She asked if there are any information on who the Port took to the ballgames and how often it was used for business expense. She asked for the justification of doubling the amount. Perhaps, the Port has a good reason. Perhaps the Port took 40 people and got $6 million in contracts but if the Port is using this as a perk for the Mayor's office, which unfortunately, the memorandum makes it seem so, it would not be a good investment. This is a big chunk of the Port's promotional budget.

Ernestine Weiss indicated that every business has to take people out and entertain them and certain amount of funds has to be spent for this reason. They usually bring good results. If this is what's needed, she believed that the Port should do it because it is a good investment. The Port is a business entity and it should be promoted as such.

Mr. Kutnick indicated that if the Commission approves this item, staff is proposing that the Port retains only four of the ten tickets we currently have. It would save the Port some money. To try to statistically correlate promotional expenses with actual revenue benefits, most marketing people will say that in this business, it's almost impossible to do that with any degree of accuracy and that holds true for the Port.

Ron Fell, lifetime charter seat holder at Pac Bell Park, suggested that people have to look at this expense as being spread over 84 games and look at it as being a 20% of this year's promotional budget. However, he was concerned that this turns out to be a deal for the Mayor rather than the Port. He was not clear on who benefits the most from this deal. If the Port has intentions of sharing the box to other City agencies, those agencies should be made full partners in this venture even if the Port signs off and takes responsibility for the box. The various departments in the City who would want to participate, including the Mayor's office, should have a pro-rated share of those costs kicked back legally to the Port's budget. It should not be just for the Port to cavalierly take the responsibility for everything and share it with other City departments and pass it for goodwill measure. This would not be the smartest way to approach it and that's the kind of accountability he would to like to see for the $120,000 one-time charge which he understands would be applied to the life-time of the arrangement not just the first seven years. It does give the Port a lifetime option.

Mr. Kutnick clarify that the $120,000 is a lifetime license fee.

Commissioner McCarthy agreed with Mr. Kedem's in that the Port should have negotiated the luxury suite earlier on. Staff tried but, for a variety of reasons, it was not done when the final lease agreement was approved. The City, which is represented by the Mayor's office, no matter who the Mayor is, since this would obviously extend well beyond this Mayor's term should have access to a box at Pac Bell Park. The Port is the only other enterprise department and should have use of that. The Port will work something out with regards to other departments wishing to take part with the luxury suite. This luxury suite would be shared equally between the two areas of the City for business and outreach purposes.

Commissioner Hardeman commented that he was upset that this was not negotiated in the beginning. Whoever thinks that the Giants is going to give the Port a sweetheart deal during negotiations is mistaken. The Port would have paid exactly the same as what we are paying now except that it would have been put in a deal. Rudy Nothenberg, the contact person at the time of the lease negotiations, opposed to doing that. The Mayor stayed out of it and the Port did not get the luxury box as part of the deal. Doug Wong and Ben Kutnick are not the movers and shakers behind this. They have to take blame or credit a lot of times but this is something the City needs. The ballpark is the Port's crown jewel. The Port made an error and is in the process of correcting it. This is not about economics. This is about reality. This is our place; this is what we are showing off. This is what we are bringing business into. This will pay dividends. Working in an advertising union, he knows how much money is returned on advertising. Advertising controls everything and it is done to get a return. The Port will get a return on this. There will be no cost to the City or the Commission for this luxury box. This is the Port's luxury box. The Port is allocating half of the games to the Mayor and the Port will retain half. It will be to the Port's benefit and it will economically come out better in the long run. He is also a season ticket holder with the Giants as well as the 49ers. There has been no pressure from the Mayor's office. This is the Port's deal. If anybody thinks that the Port is doing this for any other reason other than we want to have our own luxury box is mistaken.

Commissioner Lee commented that if the Port is a private corporation, he would go along with the proposal. The Port is a public agency. The Port is sending the wrong message to the public that we are using the money to purchase a luxury box. He asked if it was necessary. It would be a good idea if the Port has a lot of money. Since it is public funds, it is the wrong message to the general public. This money could be used for something else such as repairs of broken piers. This expenditure is not necessary or an emergency.

Commissioner Brandon agreed with everything that's been said today. It is a lot of money but the Port has to market and advertise. This is something that staff should have negotiated in the original contract although it would not have made a difference in the amount of money had it been done in the beginning. Commissioner Brandon added that the Commission is working on a policy of how the seats will be allocated and how they will be used. That item should be coming up in the near future. Mr. Kutnick will be asked to record other City departments who used the box and how they paid for them.

ACTION: Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. Three of the Commissioners were in favor; Resolution No. 01-16 was adopted. Commissioners McWilliams and Lee cast the dissenting votes.

4. ENGINEERING & MAINTENANCE

A. Authorization to execute Contract Modification No. 3 for Construction Contract No. 2658, "Piers 1-1/2 to 5 Marginal Wharf Repair, Phase I," with Power Engineering Contractors to modify the scope of work and cost for this contract due to unforeseen conditions. (Resolution No. 01-18)

Mr. Ed Byrne, Senior Civil Engineer, presented the item and requested Commission's approval.

Commissioner McCarthy asked if these were unforeseen conditions since a study was done on the site. Mr. Byrne replied that this were an unforeseen conditions. The engineering survey was done 2-½ to 3 years ago. The damaged seen today has progressed over the last couple of years. The engineers examined the structure and determined it was in bad shape and applied details that we have been using for the last 40-50 years at the Port to repair these structures. The columns and beams were shored and enabled the Port to start demolition. It became apparent that the rebars that are behind the sound concrete are significantly deteriorated and their properties have changed. The facility is about 85 years old and the building is about 83.

Commissioner McCarthy inquired about the reduced repair plan that was noted in the staff report. Mr. Byrne replied that staff had originally planned to do a contract modification for the main entry and public access corridor to Pier 3 (red area) and the first bay of the marginal wharf from Pier 1-½ to 5 (blue area). Staff is now proposing a reduced plan which only includes the main entry and public access corridor to Pier 3. The developer thought that they would be receiving the pier with the blue and red areas repaired which would lessen the amount of work they would have to do in the future. To some extent, this will have an impact with the negotiations while at the

same time the developer could handle it in a way that might blend in better with future development. They were, however, happy to see that the Port is doing the first bay because their engineer will be using that area and they were concern they might interfere with some of the work the Port is doing.

Commissioner Brandon asked what percentage of this project is complete. Mr. Byrne replied that staff is currently working on the schedule with Power Engineers. They anticipate the work to be completed sometime in November. The Pier 3 main entry would be ready by July. The project is about 5-10 percent complete.

Commissioner Brandon asked if there would be any other modifications. Mr. Byrne replied that he does not foresee any more modifications since this would be a replacement project instead of a repair job.

J.R. Manuel indicated that structural engineers are bonded. As long as the transaction is arm's length, they are supposed to stand behind the agreement and the contract. The $600,000 cost of the modification could be spent all over the City, particularly in areas that the Port has jurisdiction over. Since there is a bond involved, someone else should carry the cost and not the Port. The buck should stop here and make people accountable. The City has lost faith in its government because things keep coming up and money's short.

Ernestine Weiss commented that it is unfortunate that the piers have been neglected to a degree that they are almost falling in the bay. It is time that the piers are resurrected so there won't be any deferred maintenance in the future. She urged the Commission to do whatever it can to strengthen the piers.

ACTION: Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 01-18 was adopted.

B. Authorization to Advertise for Competitive Bids for the 2001-2002 Maintenance Dredging Project. (Resolution No. 01-19)

Mr. Ed Byrne, Senior Civil Engineer, presented the item and requested Commission's approval.

In response to Commissioner McWilliams inquiry about the remobilization cost, Mr. Byrne replied that it would cost $20,000.

Commissioner Lee inquired about the inspection of the piers and if the inspections are done regularly. Mr. Byrne replied that prior to the dredging, staff inspects the pier to ensure it is structurally sound in order to handle the site after it is dredged. Mr. Byrne replied that regular inspections are done on the facilities that are adjacent to the dredging site. Ms. Nita Mizushima indicated that staff is in the process of putting together a condition survey program. Commissioner Lee asked about the policy of regular inspection of the piers. Ms. Mizushima replied that staff is working on that program now and it is dependent on the use of the facility and its current condition.

Commissioner Brandon asked about the total cost of the project. Mr. Byrne replied that the total amount is approximately $2.5 million this year and $3.5 million next year. The cost would be dependent on the amount of unsuitable materials and materials that cannot go in the bay. There is a significant difference between the cost of being able to dispose the dredged materials in the bay versus carrying the materials upland. The amount of unsuitable material is unknown until the sites are tested.

Commissioner Brandon inquired if that would be done before the dredging. Mr. Bryne replied that it would be done after. Staff tries its best to estimate the amount of quantity anticipated out of the various sites as suitable and unsuitable including the dredged quantity. There's not a good way to determine where the rate of sediment is going to occur and what areas will be involved.

ACTION: Commissioner McCarthy moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 01-19 was adopted.

C. Authorization to modify Contract No. 2666, "China Basin Shoreline Stabilization Project," to include all additive alternate bid items, for a not-to-exceed contract amount of $570,700. (Resolution No. 01-20)

Mr. Ken Chu, Project Manager, presented the item and requested Commission's approval.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 01-20 was adopted.

5. PLANNING & DEVELOPMENT

A. Informational Presentation on the Proposed Design and Land Use Program for the Bryant Street Pier Mixed Use and Cruise Terminal Project, located on Pier 30-32 and Seawall Lot 330 in the South Beach Waterfront.

Ms. Anne Cook, Manager of Waterfront Development Projects, presented the item. She thanked and acknowledged the following Port staff for their diligent work on the project: Mike Nerney, Gerry Roybal, Peter Dailey, Stephanie Downs, Larry Brown, Noreen Ambrose, Neil Sekhri, Leo Bragagnolo, Jay Ach, Phil Williamson, Mark Lozovoy and many consultants on the project most notably Jim Mosbach and Andy Barnes. She also thanked SFCT, in particular Lend Lease, for their commitment and perseverance in the project.

Ms. Mason indicated that over the last 6-8 months, they have researched every element of the key program. They talked to many communities and business groups and they received many and varied responses. The RFP design was highly regarded and had many positive features:

- Highly functional cruise terminal and berthing arrangement;
- Outdoor urban environment;
- Strong neighborhood connections;

- Creative and authentic retail amenity;
- "Lagoon" which connected public spaces to the water;
- Orientation to sun and protection from wind.

The terminal seats at the northeast corner of the pier, serving both the north and east berths. The southern side of the pier has the most public space with walkways and buildings all taking advantage of the sunny aspect. The use program was 320,000-340,000 s.f. of public open space and approximately 200,000 s.f. of retail. The cruise terminal was 90,000-100,000 s.f. The office was 300,000 s.f. There were 542 parking spaces on the pier. There were bus and taxi loading zones for the cruise terminal and excursion boat docking area.

While there are so many positive features of the design, several concerns arose as well:

- Terminal was too isolated from the urban environment by the garage;
- Conflicting traffic, pedestrian and servicing zones;
- Upper level gardens isolated from the water;
- The urban spaces were too disparate and pedestrian movement confusing;
- Specific retailers such as Grocer need extensive servicing;
- Wanted an environment that moved, changed and allowed different experiences with the water.

They have now conducted an investigation into the piers and found a significant increase in the cost of seismic and structural upgrade – projected to be $60 million. They have conducted extensive research into conference business. They have conducted extensive research into retail markets and demands. They have also looked at day berthing, tidal conditions. All this feedback and research have resulted in a new improved design.

- They have now created a network of smaller public spaces which all provided different connections to and experiences with the water. This has been achieved by utilizing the existing depression in the pier for the garage and thereby removing it from the first floor public space area.

- The increased cost of the pier upgrade is also being offset by increasing proposed office area on the pier and a change in the proposed use on the seawall lot from hotel to residential.

- The new design has significantly improved from that submitted in the RFP. Most importantly, the public spaces are now an exciting network of plazas providing an interesting and intimate straight pattern.

- The cruise terminal is now fully connected to the urban environment providing for a unique experience for visitors arriving in San Francisco by sea.

- The lagoon, which is the main feature and focal point in the RFP design has been enlarged so that it is more prominent and provides a steady connection into the

proposed Brannan Street Wharf.

- The public spaces now allow for better vistas to the water and the upper level gardens have been opened up to act as a bon voyage areas and offers spectacular views of the bay for the public.

Charlie Pigg, Jerde Group, indicated that the goal of their design has been to create a new urban center for the South of Market neighborhood and also a development which extends the City out into the bay for the first time and becomes a gateway for cruise visitors that will arrive to the new terminal. The new plan improves on the destination value of the development by creating a more diverse set of pedestrian spaces and plazas and by creating a better link into the cruise terminal to make it better integrated into the town center. It would have a much higher destination value and it would be a more interesting place for people to visit over time as the development goes forward. The primary way this was achieved was to put parking in the depression of the pier underneath the development and have the development be built on top of the parking level and freeing up the planning of the pier to encroach further into the east of the pier. There is now parking underneath and the extent of the town center could extend more to the east and become a more diverse and interesting network of spaces. The new larger lagoon which is now an open water, urban lagoon on the south becomes the terminus for the Brannan Street axis which ends in the open water and connects directly to the proposed Brannan Street Wharf open space. The other notion is to create a series of grand urban plazas or rooms on the pier which are linked by pedestrian ways throughout the pier behind. They create a series of different experiences. The most notable one is the entry plaza which terminates the Spear Street axis at the pier and it becomes a setting for entry into this complex. Next is a grand plaza in front of the terminal which is an address for the terminal. There is now a much shorter concourse connection to the corner. It ends in a public plaza on the south, which is the entertainment event space, which is also called the sunset viewing plaza which has a small restaurant animating it as the focal point to the cinemas and clubs and dinner cruises. The net result of this is it is a more spread out and diverse townscape of buildings and a more interesting setting.

The development has three-levels. They are placing that development above the parking magazine which is using the depression in the existing pier so that the main deck level of the project would be slightly raised above the existing deck now. Besides the terminal, there are two levels of office and one level of retail shops lining all of the public spaces. The nice thing about the raised elevation for the deck is that the internal space would have a great connection to views out to the water and the waterfront edge, which would create several levels of terracing to make it a more interesting feature. The aerial rendering shows the idea of this being an inter-connected district of buildings. The anchor is the icon building of the terminal. The lagoon is the much larger and more notable centerpiece of the project connected to the green space of the Brannan Street Wharf. Spear Street comes in and ends at the new entry plaza and connects back to the water. There is a network of other spaces - the terminal, the event plaza and the courtyards for the office which are now opened up and allow views out for the office to the water and allow the public to get up and use those as places to see the ships when they are on port and to enjoy the view to the north and the east. The idea of the architecture is that they create a setting of industrial style sheds. They will

work on that to create a fresh new interpretation, using steel and glass and concrete structure to have a slightly industrial metaphor but warmed by stone and wood elements and made friendly with the elevation on the southern portion. One key objective of the plan was to provide as much open space as possible. This plan shows the network of open spaces throughout the pier – over 300,000 s.f. of open space planned on the pier. This is a deck level plan. The two faces of the pier – the north and the east are primarily the terminal and the south is the town center. The terminal is a two-story facility. The lower level is the baggage handling. The ship has service from the apron and all traffic comes into an arrival zone between the terminal and the town center. All the buses and taxis have a formal arrival point with parking underneath. There's parking entry off the Embarcadero underneath the town center portion so that they can create a valet arrival for the town center. The town center is a series of plazas with the pedestrian way that links them. They have anchor tenants planned, home anchor, books, groceries, cinemas, clubs, and restaurants lining the waterfront so it makes a series of spaces that you can move around and have an interesting experience.

Parking is underneath the development; approximately 425 cars in the magazine of parking entering off the Embarcadero and off the arrival street on the north. The town center can be accessed by vertical corridors and walk directly out into the waterfront promenade from the garage which is slightly lowered from the rest of the development.

The second level is primarily office except the terminal ground hall on the north and the east which is the arrival and departure facility for the ship. Passengers will embark and disembark under the gangways and come into the grand hall with a very large glass wall. The rest of is office flanking the terminal and office buildings across the landscape courtyard which are ways to get views out to the water and the public can come up from the streetscape. There are offices on Embarcadero and a series of building around the waterfront. The internal street becomes a address for the office buildings in a very simple network as well.

Finishing up the development is a third level of office to fit into the height limit on the pier. He also showed renderings giving a view of the project. The waterfront promenade will be lushly landscaped, has generous open space that connects right into their project with the promenade coming out of the circular sweep and ending in the event plaza on the south. The buildings start out rather vertical and prominent and urban on the Embarcadero side and step down and step back to create more texture and more of a scale and pedestrian nature at the southern end. Restaurants are tucked in underneath the buildings. Landscape qualities are employed into the south façade. They will be using stone elements to blend with the industrial flavor, some wood and expanses of glass and white painted metal as their projected motif of architecture. The rendering also showed the connection of the plaza and the animated water feature that moves back into the project and this is the home anchor which shows the wide open nature of the streets. They are as tall as they are wide. They are trying to create a setting of a variety of facades to make it an interesting experience. The rendering also showed a view of the entry plaza which terminates the Spear Street axis and it becomes the formal entry into the project. The space is flanked by two shed-like buildings which are picking up the shed type metaphor for the waterfront architecture and flavor, warmed by stone and wood elements. Standing at the center of the plaza,

which is landscaped, will have direct views down to the water in two directions. The size of the space is generous – 70 ft. wide by 210 ft. length. It is a very generous, open and gracious setting.

Mr. Pigg indicated that they are pleased with the direction that they are going with the plan. It provides a more diverse setting of buildings and more pedestrian scale orientation. The ability to create more interesting places and spaces within the three story architecture. The one icon piece they will develop is the cruise terminal. This is a section from the lagoon all the way through the northeast. The extent of the one grand hall which will extend above the height limit. They are projecting about 80 feet and tapering back to 60 feet at the back. It will be a very large translucent lit enclosed room.

Ken Hocker, Lend Lease, presented the seawall lot development overview. In addition to the Piers 30/32, the Bryant Street Pier Project will include 3 acres triangle parcel across the Embarcadero. This site is currently vacant. The initial design concept for the site for the RFP consisted of a 400-room hotel and 111 timeshare condominiums. The seawall site has always been necessary to subsidize the overall pier project economics. As the project has progressed, additional project cost associated with the retrofit of the pier has placed significant increases on the level of subsidy required by the seawall site. The highest and best use for the site is residential. A residential use helps them overcome the pier retrofit cost increases. From the urban planning perspective, the hotel created significant massing due to the non-living spaces such as interior office space, housekeeping, conference rooms and other back-up space buildings necessary for a hotel. From an urban planning perspective, the hotel created significant massing due to non-living spaces in the back-up space for the hotel. In addition, meetings with the communities also highlighted concerns regarding negative impacts created by the transient nature of the hotel, which is traffic, noise, late night deliveries and other related issues. It was clear that San Francisco is in need of housing. At this point, they began to re-evaluate the project and redesign the size of the residential project. The first residential concept consisted of 320 units basically wrapping the perimeter of the site. This design focused on an interior courtyard. Concern regarding this initial design was that the building was orientated inwardly and turned its back to the neighborhood. The community also expressed concern regarding the massing of the project. The design was virtually a solid wall of units along the Embarcadero, Bryant Street and Beale Street. The design also did not utilize the location of the waterfront. The wall of units along the Embarcadero blocked the majority of views from the units in the back. They felt that from the urban design point of view, this scheme did not work in relation to urban spaces created on the pier.

John Ruble, MRY, presented the seawall lot design. This is a wonderful residential site in the City. The notion of the density and the quality is coming to a better resolution. They are looking at reducing the density of the project in order to get better quality. It has more than 300 units. The improvements they are hoping for views, space and light and getting a distinctive urban character for the project are important. The context to the site is interesting. This is an interesting, transitional place as an area that mediates between the different conditions and scales. It represents one of the great opportunities. They are trying to integrate the different kinds of urbanism from the town house to some of the more tower scaled elements to the north into a single design

that has strong design and distinct character. The geometry is perfect for a waterfront setting. Earlier schemes had taller buildings at the corner. There was a continuous wall of 5-8 stories around the entire site. This plan refines some of that thinking in the sense that they have a 3-tower scheme. They have a tower at the corner of Beale and Bryant Streets. There are two other towers that were moved in significantly from the corners in order to improve the views all around for all three buildings in order to soften the impact or pull them back from the existing neighborhood edges. They are looking at how they can take a townhouse treatment of the edges of the site, compose that with three distinctive towers and create a plan that takes advantage of the geometries of the site. They came up with a plaza at each corner of Bryant and Beale which opens into a pedestrian street that climbs to the project at each end. There will be a dramatic view into the project and up the grand stairway into the courts while driving along the Embarcadero. The sense of isolated courtyard that does not connect to the City and the waterfront in the earlier plans now becomes as a plan that opens itself out to the environment. The project opens up to views into and through, making it a much more engaging piece of its urban context.

At the center of the court, there is an amenity area. The podium has a two-story base. It has parking in the center and the lower two-stories of the townhouse units wrapped the parking on all sides and completely enclosed it. The elevation along the Embarcadero shows how much they would like to get people to think about the possibilities of Embarcadero rather than having a single five story wall. They are looking at a lower base which goes to three stories. Two stories of townhouses and a third story of an open garden structure that would pick up the scale of the commercial development across the street on the terminal side as a lighter platform for the two towers. At either corner, there will be plazas with the stairs spilling down to possible retail or commercial development at the corners and amenity spaces in the center.

Along the Beale Street side, there will be two types of housing. The townhouse development of 5 stories, a two story base entered from the street and three stories of housing that are entered from the podium side. It continues around under the tower. The townhouse building is masonry, solid wall building with windows and glassy base in warm colors. The towers are much glassier and done in lighter colors as well. They are in an early stage of development in the concept of the seawall site of the project than they are in the terminal side. In looking at the Bryant Street side, it represents the heights that are allowed by the current zoning, an 8-story wall along Bryant and the 11-story tower. They are going to explore further as they take this concept into a dialogue with the community. They are hoping to explore the possibility of taking some of the mass off the 8-story and reducing it to a 6-story elevation and playing with the heights of other tower elements and getting a taller tower at the corner of Beale and Bryant. That is the least impact place on the site to have higher density or height. On the Bryant Street side, there is no housing across the street from the tower. It is pulled to the back of the site along Beale Street. Most of Beale Street gets the 5-story townhouse across the street which very much mirrors the scale of the existing housing. Beale Street will become a beautiful and residential street with street fronts and front doors and little gardens along the street. On Bryant Street, they have a somewhat bigger scale of an additional story for the townhouse component. They are very excited about it and they also recognize that there's a lot of discussion as they take this project through various community groups.

Bill Kedem inquired if there are any traffic intersection diagrams or any goals for rating those intersections, preferably a C or better. He noticed what appears to be an overhead passage across the Embarcadero in one of the initial diagrams. He asked for clarification if there are going to be or not going to be overhead passageways across the Embarcadero. He wanted to know how people are supposed to cross the Embarcadero.

Jennifer Clary, San Francisco Tomorrow, indicated that she was particularly interested in the economic analysis because it has apparently resulted in an increase in office use. The Embarcadero has no traffic movement at rush hour now. When the office comes in, traffic will be worse. Office is not a good use for the waterfront. She was also interested in a transportation analysis. South Beach already has a lot of problems with sewage and runoffs. She trust that this development will be handling its own stormwater runoff. She also asked if housing will be for rental or ownership and if the seawall lot will be built first or use it as a staging area while they build the pier.

Ernestine Weiss inquired about the number of parking spaces for the project, whether there will be taxi stands and whether there will be a traffic study done before anything is built.

Ron Fell hoped that the people from Red's Java will come to their senses. He wondered if they still plan on being an eyesore in front of the complex. He was in favor of a mixed of rentals and owned units in this complex. He was concerned that there are already about 4500 to 5000 units within 500 yards of the proposed seawall complex. He is concerned that there aren't enough people who own units in that area. He encouraged the Port to have at least some of the units be owned and not all of it put out for rental. History is dictated that people who own their units tend to take better care of their neighborhoods than people who are just passing through. He has always been concerned when Muni put in their lines for the N-Judah Line and the old E-Line that there never was a station ever planned for the corner at Bryant and the Embarcadero. If people will take Muni to go to the cruise terminal, they have to get off at Brannan or Folsom. That's the longest stretch of Muni without a stop anywhere. He asked if the Port or the developer could explore the possibilities with Muni of creating a platform at the Bryant Street corner. He asked the developers what steps they plan to take to ensure that we won't have another Pier 39/Fisherman's Wharf in this area. He was reasonably confident that is under control but the more it is commercialize and more people visit, the more temptation to have t-shirts shops and wax museums. He encouraged the Port to maintain its vigilance in that area.

Toby Levine, former member of the Waterfront Land Use Advisory Board, indicated that the public wants to get this project to turn out right. Since the last presentation, enormous changes have occurred. At the last presentation, the plan was nice but it was a bit of a hodgepodge. It has now improved particularly in terms of the open space and its orientation toward the south. This change that has occurred of the connection of the lagoon and the Brannan Street open space is also a new and good attribute. It will win points for the Port and the developers when it goes to BCDC. Another plus was the addition of housing because there is an enormous need for housing. One would hope that the inclusionary clause would be exercised when this particular housing is developed. One of the most important aspects is that the developers appear to the

listening. The developers have made a lot of progress. It is extremely important that the Port continue to monitor this project because the project change and evolve and become better. She hoped that the developers, every few months, report back on their progress.

Norman Pearce, South Beach, indicated that these are very positive changes to the project. Lend Lease has been reaching out to the public, working with the people in the neighborhood and give something back to San Francisco. They have given back the waterfront access to the public. They have incorporated public access, pedestrian capabilities that get in and near the water. They have an eye towards water recreation. There are a lot of possibilities of citizens to start using the waterfront again for recreation.

Commissioner McWilliams commented that he saw quite a transformation from where we started. Personally, it is a much more desirable plan than before in terms of public access and connecting the City to the pier. In looking at this project, it occurred to him that one of the core aspects of this proposal is a landmark cruise terminal as an icon. The previous building was that and he does not get that feeling out of this particular cruise building. It is not something that people around the world are going to recognize as "The San Francisco Cruise Terminal." It does not have the same quality that the previous structure had. It's not identifiable in the same way and it's not as unique or it's not as stunning a landmark as the previous structure was. He was not sure how the RFP addressed that issue. It was visited often in earlier presentations. Referring back to the conference areas, there was another resource that was built in to facilitate larger passenger access or areas if those were ever needed in the future. He was concerned about that inability to reconfigure inside the existing building to accommodate future needs. On the landside, there was much support for this project from the community because of the hotel and the idea that there would be a union-built and union-staffed hotel. Those aspects have changed. Although he understands the economics of it, the new cost of retrofitting the pier was not anticipated. He understands that the economies of hotel versus residential are very different. With the unanticipated cost increase required for the earthquake retrofit, there might not be an option other than to use something other than a hotel for the seawall lot application. Some people look down their noses on t-shirts shops and some people don't enjoy Red's in the way he does but it is part of a working class history of the waterfront of San Francisco. Tourism is one of the biggest businesses in San Francisco. Many people cannot afford much more than to buy a T-shirt to take home to their kids or someone else, though it's not appropriate to have walls of T-shirt shops and trinket sales all over. It is an important part of what goes on. It needs to be part of a balance. If the whole thing is designed in a very upscale way, it is missing a big part of the mark. There needs to be something that has good balance and gives an opportunity for everyone to enjoy their experience in San Francisco.

Commissioner McCarthy indicated that she was generally pleased with the changes. Lend Lease has worked so cooperatively with the neighborhood and staff in terms of responding to their concerns. She personally is pleased to see housing on the site. It is going to make it a much stronger project since housing is more appropriate in that area. In the long run, it will help the activities for the neighborhoods and for San Franciscans. She thanked the development team for their work.

Commissioner Lee commented that he supports housing instead of hotel and was glad to see more open space in the project.

Commissioner Hardeman commented that the developer is moving in the right direction to make sure the project works. It has a nice look to it. Keeping the community happy is important. Taking them into consideration is a good idea.

Commissioner Brandon agreed with Commissioner McWilliams comments that the design of the old cruise terminal was better. It had a more unique look. Other than that, the project looks great. Housing is a good idea but wondered how many will be rental, how many will be condos, and the percentage for low cost housing. She was also concerned about the amount of substructure and how it affects the whole project. She agreed with Jennifer Clary's comments regarding seeing the economics of the development.

Anne Cook indicated that the traffic analysis would be a major component of the EIR that will be done for this project. The current schedule calls for notice of preparation in the end of April and a draft EIR in the summer. This site is very well served by the E-Line. This Port Commission and the Waterfront Plan Advisory Board and the Rincon Point South Beach CAC are pushing for the extension of the F-line as well. They hope that this will come to fruition when there's more ridership that would be caused by the Mission Bay project and by this project. It is also a site that is walkable from the downtown area. All that information will be clarified during the environmental impact report for this project.

In terms of pedestrian bridges, there are none planned for this project. The question of how to cross the Embarcadero is something they are looking at. They are discussing this with the Planning Department. One of the things they are exploring at this point is whether it is possible to resignalize the intersection. These are big issues and have a great impact on the Muni Metro and something that has to be discussed with them but it will be looked at and discussed extensively.

The stormwater runoff will be covered under the environmental analysis. Once the uses are established, they will analyze the runoff.

Parking will have a very large role. In the current proposal, it includes approximately 425 on the pier and 300 on the seawall lot. They will be looking at a range of parking spaces in the environmental document so that the Port Commission, BCDC and others who look at this plan would be able to analyze some of those impacts on pedestrians and other interests as well. There will definitely be taxi stands for people to both come to the cruise terminal and take day trips in the City.

With regard to comments ranging from is office a good use, what kind of retail so that it does not look like Pier 39 or it does look more like Pier 39, rental versus ownership housing and all the impacts associated with that, Ms. Cook indicated that they are in the process of looking at the economics of all the different alternatives and will continue to discuss that with the Commission. After the alternatives are set and variables of the alternatives are studied, that information will be brought back to the Commission. In addition, a lot of those questions of uses are dependent upon review

by the State Lands Commission and Planning Department and those uses are conditional uses. There will be a long time in which they will talking about uses and the Commission cannot approve the final use program until the environmental report is in front of them. Staff is working towards a preferred use program so that they can study that in the environmental review and they can start making some decisions about the project along the way. Staff will continue its discussions with the Commission.

Staff has had series of meetings with the State Lands Commission staff that were productive. The question of office and is it appropriate in the waterfront is something that they have a very large interest in helping to resolve. If anywhere in the waterfront, this is a very important site to consider it for a number of reasons which they are discussing with the State Lands Commission. The cruise terminal would be used seasonal, from May to September or October. One of the things they are concerned about is that they want this site to be active and safe year round. The site has very large pedestrian ways. When the cruise ships are not in, they want to be sure the public is using them. They want to make sure that this isn't just tourist oriented retail and the way to do that is to bring the city out onto the pier. They want to make sure that the terminal is a unique terminal. Unlike other cities where you arrive in a terminal that is surrounded by parking, you have to arrive in the City you're visiting, which will be a unique market niche for this terminal. There are a lot of reasons where office wouldn't be appropriate in many locations on the site but would be appropriate as a mixed of uses on this site. One of the things they struggled with was how to activate the piers day and night. If it can't be residential and hotel, it would be retail. At a certain point, retail does not stay open late unless there's people there to use it. Port staff and State Lands will be discussing, among other things, finding the appropriate mixed of uses for a seasonal use terminal while keeping it active and safe. Staff would be able to inform the Commission State Lands decision by the end of March or the middle of April.

Ms. Cook indicated that this is a site that is not going to be an either a local serving site or a visitor serving site. In terms of the marketing analysis done by Lend Lease, it has to be a mixed of uses to keep it active all the time. The types of uses they are looking at everything from the market place to the restaurants would serve a broad range of people. It is designed to make everybody comfortable and feel like a town center and not just a luxury destination.

In terms of whether it is an icon now or not, Ms. Cook indicated that aesthetics are always in the eye of the beholder. She pointed out that the cruise terminal is 20 feet higher. Before, the glass part of it was only facing the north and now it's completely encircled. They are encouraged by the Planning Department to look at making it higher and larger so that it would have a more iconic feel and you would be able to see it more clearly from the Embarcadero and from other locations. Whether or not it was successful, it was an attempt to make it more of an icon, to make it stand out and make it more unique and visible.

In terms of the conferencing facility and its expansion use for cruise, Ms. Cook indicated that the plan now is to actually design the office component so that it could be recaptured and used for terminal spaces as necessary as business increases. This is something that staff will work on as they discuss the lease terms. She will make sure

that the Port has the ability to expand the terminal if and when necessary is embodied in the lease.

With regard to the hotel versus residential, Ms. Cook indicated that there are economics and regulatory implications. The environmental implications such as traffic and noise would be analyzed in the EIR. Staff thinks that it is important that the Commission get comfortable with both as the process moves along. Staff has asked the developer to provide a better breakdown of hotel and residential in terms of apartments and condominiums.

B. Authorization to transfer to the Treasure Island Development Authority the five extant "Pageant of the Pacific" Murals by artist and anthropologist Miguel Covarrubias, originally commissioned for and displayed at the Pacific House at the Golden Gate International Exposition (1939-40 Treasure Island World's Fair) and later displayed at the World Trade Center in the Ferry Building. (Resolution No. 01-17)

Mr. Mark Paez, Planning & Development Division, presented the item and requested Commission's approval.

Commissioner McWilliams inquired if the Port could request some acknowledgment of the Port's role in maintaining the murals when the murals are put on display in its new location.

Mr. Paez replied that part of the conservation effort would be to document the history not only at the Ferry Building but also the various places they've been such as the Natural History Museum in New York. All of that would be part of the curatorial aspect of their being exhibited in Treasure Island. It could be suggested as part of the transfer agreement or in the MOU.

Commissioner McCarthy commented that she hoped that they would take good care of them. Mr. Paez replied that the murals would be transported into the conservator's space. They will decide on what the appropriate means while they are on storage and come up with a plan on how to conserve the murals. The murals are in good hands with the oversight of the Art Commission collections manager.

Commissioner Lee asked if we could keep them here instead of giving them away. Mr. Paez replied that there are no other sites at the Port that would accommodate them.

ACTION: Commissioner McCarthy moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 01-17 was adopted.

6. NEW BUSINESS / PUBLIC COMMENT

Mark Montobbio, Castagnola's Restaurant, hoped that the Commission would have an opportunity to review the application for the assignment of the lease as they are still interested in doing so. At the last meeting, Local 2 questioned whether or not all of the legal obligations have been satisfied. Since that time, on behalf of Castagnola's and General Lolli, he presented Local 2 with a severance package for all the employees. He had

never ever presented a more generous package to a group of people. Under the law, the employers are only obligated to discuss it in good faith. Their proposal to Local 2 was in excess of $250,000 to be divided up among 30 employees. Depending upon their length of service, it comes to a little more than 3 weeks of pay for every year of service. For someone who had 26-27 years of service, it would be $28,000-29,000. In addition, they would have health insurance for a period of approximately four months. Unfortunately, Local 2 did not take it back to the Castagnola's employees for a vote. Their offer is still on the table. General Lolli has owned the business for many years and would like to sell his business.

General Andrew Lolli, owner of Castagnola's Restaurant, informed the Commission that he appreciated all the employees of the Port that he had the pleasure of working with. He thanked the employees and the department heads for the help given him. He hoped that the problem will be resolved so that everybody walks away happy as he loves his employees and he loves people.

John Pavao, Delancey Street Foundation, read a letter from Dr. Mimi Silbert, President of Delancey Street Foundation, to Doug Wong. "I am writing to express my support of Chelsea Piers of San Francisco, a proposal to develop a sports and recreation facility on Piers 27-31. The partners from Chelsea Piers came to me a while ago for two reasons. First, since Delancey Street is a neighbor, they were asking for input to be sure that their design and ideas reflected those of the neighborhood. Apparently, they've had many similar meetings with those along the waterfront area as well as with those from the broader San Francisco neighborhoods since their goal is to connect all San Franciscans to their waterfront programs. Since I thought the design and program contents were great, we mostly discussed transportation at length and I was ultimately pleased with their well-thought through responses and plans. Second, and most important to me, they asked if Delancey Street could partner with them in a number of ways to implement their desire to serve at no cost, the City's children who are most at risk. They had learned that I wrote and implemented San Francisco's Juvenile Justice Action Plan and they want to develop a plan to offer a scholarship program to the at risk youths throughout San Francisco for utilization of the incredible range of recreation facilities they are planning. I am very excited about helping them to bring these children in need to the Chelsea Piers services. Also, we are going to develop a program for a Life Learning Academy (the San Francisco charter high school for troubled youths with prior school failures) where students can participate in sports activities, vocational training, and learning team work and cooperation through their ropes courses and a number of other programs. I know there are many issues you and your staff look at in selecting a proposal that best fits your outlined request. For me, the Chelsea Piers folks were wonderful because they were truly very committed to finding ways to provide a wide range of programs to San Francisco's needy children. It did not seem like a thing to do to win support for a bid. It is something these people are committed to as part of how they live their lives. Their knowledge, enthusiasm and dedication seem to go way past designing an excellent and financially solid development and into sports recreation interaction to bring all San Franciscans to the waterfront."

Dan Strazzullo, All Shores Seafood, Pier 45, indicated that recently Port staff was at the wharf asking for input from the fish dealers regarding Shed C. Since Fisherman's Wharf started, the public has never seen fish. The closest they get to seeing fish is seeing a crab being cooked or they eat a fish sandwich. He suggested that the Port should try to let the

public see what's going on. He is one of the largest importers of fish in the bay area. He can't have tourists come to his business to see their operations but Shed C would be a possible area where they can glass the area so public can see fish processing. The Port has a rich history -maritime and the fish industry- but the public is not exposed to it. He urged the Commission to do something to let the public know and see first hand fish processing.

Bill Kedem spoke about the Piers 27-31 project. He presented a number of letters to the Commission via emails and handed copies at the meeting. The neighbors to the Pier 27-31 project still feel that their concerns have remained unaddressed by both the Port and the developers for the project. They have met with the developers. They have met with Port staff and they can see an improvement in the level of communications and hard data that's been provided to them, although insufficient. In particular, they have still not been served by a public notice procedure. There's no formal notification procedure where every resident in the neighborhood is notified by bulk mailing of a planning action in their neighborhood. In one of his letters was a request asking that they be notified as is any citizen in the City of San Francisco rather than a Port neighbor. Secondly, they have asked that the RFP process in general be upgraded for the Port projects starting with the Pier 27-31 project in particular. It goes back to the example they heard earlier about the luxury suite at the Pac Bell Park. It could have been included in a proposal between the Giants and the Port up front. Perhaps, there could be something on the Pier 27-31 project where there would be box seats available for various venues in that project that should be included now in the RFP negotiations and contract award negotiations. They have asked officially and the President of the Commission heard him a couple of times of his request for a Muni representative at the meetings. Supervisor Peskin has requested him to ask the Commission to officially request the City to have a Muni representative attend these meetings. There was an example earlier regarding the cruise terminal where it would have been helpful to have that representative here to address the extra station. In one of his letters, he requested that the Port officially ask the City to have a representative attend these meetings.

There is a citizens advisory group meeting tomorrow. The citizens advisory group has been appointed by the Port more so than the neighborhood itself. This is an urgent meeting to try to help the Port come up with some recommendations. It's scheduled for 1 p.m. on Wednesday. Most neighborhood folks will not be able to attend the meeting. Mr. Kedem officially requested that such meetings not be scheduled at 1 p.m. in the middle of a workday; they prefer 7 o'clock in the evening if at all possible. Lastly, their neighborhood has gone through considerable amount of data from developers for the Pier 27-31 project. They are not taking a position right now as a group regarding one developer's proposal as being superior to the other. Individuals within their group are taking positions. They have noted that both proposals have their merit. He is personally concerned that Chelsea Piers has yet to provide a financial report to the public. They have noted that they have had financial difficulties with their original lease in New York. Supervisor Peskin has informed them that all he wants to see when it gets to the Board of Supervisors is a good clean lease. They are letting people know that Chelsea Piers was unable to meet the terms of their original lease in New York. They have renegotiated that lease. The Commission would appreciate that type of information. They are now receiving a different set of lease terms and he's heard they are paying 5% interest on a different schedule of payment. The bottom line is between the combination of that group's inability to meet their original lease term and these rapidly appearing escalated costs in various Port projects, he suggested that the Port needs to be doing more serious negotiating in the RFP process.

Robert McIntosh, President & CEO of Pier 39 and resident of San Francisco, supported Chelsea Pier's proposal. In January, he went to New York City to observe Chelsea Piers and was very impressed. Chelse Piers' operates a very clean and well-organized operation and a major benefit to the residents of New York. We, in San Francisco, deserve that same benefit. He also believed that Chelsea is once-in-a-lifetime opportunity. He agreed with last Saturday's editorial in the Chronicle supporting Chelsea Piers. It is his understanding that the Mills project will have about 180,000 s.f. of retail, that compares to 185,000 s.f. of Pier 39. The Mills project would be creating approximately the same amount of retail space ast Pier 39. He asked if the YMCA, which is a non-profit organization, builds a $25-40 million project, subject to property taxes. This is something that needs to be considered when deciding which project to approve. He urged the Commission to approve Chelsea Piers project.

Diane Golton, parent at Lowell High School, indicated that recently the Lowell Symphonic Band was invited to play at Carnegie Hall, the world's most prestigious concert stage. They were honored to go to Carnegie Hall. It was a daunting task for the parents to raise $145,000 to send 71 band members and chaperones to New York City. Because they had so many high-energy kids, one of their strategies was to keep them busy and tired. They ran the kids rugged. They had every single minute planned because they figured if they had them busy and tired, it would reduce the chances that they would get into trouble. It worked very well for them. They saw everything and they gave a great performance at Carnegie Hall. Chelsea Piers was very hospitable to them. They were part of their entertainment in New York. They provided a venue for their students to enjoy some activities that we have and hope we will have in San Francisco.

Julie Golton, band member, indicated that at Chelsea Piers they were able to do a lot of things. They did some gymnastics on the trampoline, they did some rock climbing, they played soccer and played baseball at the batting cages. After they played at Carnegie Hall, they went bowling at Chelsea Piers. They turned off all the lights and had the bowling pins glowing (cyber bowling). San Francisco no longer has bowling alleys. Japantown Bowl just recently closed down. They played music and danced. It was a good experience and she thanked Chelsea Piers.

Diane Golton indicated that the concept transfers over to our City. If we keep our kids busy, if we keep our kids active in venues that provide an opportunity to try different things that Chelsea Piers has to offer, it reduces opportunities for our kids to get into different kinds of mischief. She appreciated what Chelsea Piers did for them. They trust that the Port Commission would consider what Chelsea Piers can do for this City that knows how.

Rodney Fong, Wax Museum, offered two perspectives in favor of the Chelsea Pier project. As a business owner at Fisherman's Wharf, he feels that the audience the Chelsea Piers project will attract would enjoy the restaurants and attractions at Fisherman's Wharf prior to or a post visit to Chelsea Piers. He feels that with proper partnership and marketing, they could both increase their attendance base. He asked the Commission to reserve this valuable tip of the peninsula for a unique destination service rather than another commercial service. From a personal perspective, as a resident of San Francisco and as a father of two young children, San Francisco needs a dedicated sports facility. Many schools have drastically reduced their athletic programs, afterschool sports and activities are almost

non-existent. He feels that Chelsea Piers will serve as a much-needed playground for the urban children of San Francisco.

Christopher Martin, managing partner of the Cannery, indicated that again an important decision is before the Commission. Pier 27-31 can be another contributor toward accomplishing a waterfront that San Francisco deserves. A waterfront that not only provide access and public enjoyment but also preserves the diversity and traditional uses on the waterfront. Unfortunately, since the adoption of the Waterfront Plan, there's been an unprecedented level of lobbying activity whenever an opportunity arises for a development site. In some cases, Commissioners and staff are even lobbied before the development has been determined. Pier 27-31 was not bid to be an office project or a retail development. The RFP defined it as a primarily mixed-use recreational project where all San Franciscans and Bay Area residents, individually or as a group, can actively enjoy diverse, amateur recreational sports and related activities. If the integrity of this Commission and Port authority is to be preserved, the selection should be the merits and by the developers responsiveness to the set of priorities that the Port issued in the RFP. The pull of a political lobbyist should not influence the Commission's decision. This Commission has assigned Bay Area Economics to review and evaluate the two proposals. Any subsequent staff recommendation to the Commission should be consistent with the impartial evaluations of the consultant team. Any other process would be a sham, a deception and an abuse of the public mission. There is no need for this project to be a controversial decision.

Tom Creedon, President of the Fisherman's Wharf Tenant Association, President of Fisherman's Wharf Merchants Association and Chair of the Waterfront Advisory Group indicated that Fisherman's Wharf requested a study on the economic and traffic impacts of the project in the community. Fisherman's Wharf has chosen not to make a decision to support one side or the other. As President of Scoma's Restaurant, he indicated that the Chelsea Piers project answers more to what the RFP has spelled out. He addressed the Commission previously about how upset he was regarding the Pier 45 RFP process because they spent a lot of time drafting the Pier 45 RFP. A lot of effort has been put into the Piers 27-31 RFP. He encouraged the Commission to pay attention to the RFP. He believes that the use for this valuable waterfront property should not be for retail. As a restaurant operator in Fisherman's Wharf, the ten restaurants that were in the original proposal were far more than what is needed to support this project and it would be a threat to the businesses in Fisherman's Wharf. The piers are well constructed and to remove one shed completely to facilitate this one project would limit its use in the future. He suggested to go back to the RFP and follow the rules.

Julie Humphrey, YMCA Youth Director, indicated that she sees over 400 kids every summer in their day camp program. Every summer she struggles with places to take the children that are affordable and exciting. One of the goals of the YMCA is to build a strong community but how can we build a strong community if we take our children out of the communities for programs. She urged the Commission to vote in favor of the YMCA proposal and she's sure that her 400 campers would do the same thing.

Peter Chong, Executive Director of the Chinatown YMCA, indicated that Chinatown is the most densely populated part of the City. They have a lot of programs but they don't have enough space at YMCA. The Pier 27-31 project would allow them to participate in more activities and would provide more opportunities.

Kimberly Jin, youth member of the Chinatown YMCA, indicated that they have so many exciting things to do at the YMCA. Having a new YMCA at Embarcadero would be a dream come true. They will have more opportunities that they never had before.

Sa Vasa, YMCA, a skateboarder, was happy to hear that the Port is building a skate park since they were told not to skate at Justin Herman Plaza and at Pier 7. Having a skate park on Embarcadero would keep them from doing bad things and it would keep him off the street and would keep him occupied.

Mr. Chong added that most of the kids are part of a mentoring program that the YMCA provides. They need a new YMCA where they can bring the kids to experience new things. They have to pay a price to take the kids to experience new things. They have about 100 kids a week but can only take a few at a time. This would make it possible at Pier 27-31.. This will enable them to do much more with the kids rather than seeing them on the streets.

Sal Cisneros, Executive Director of the Embarcadero YMCA, clarified some of the things that he's hearing from their members. They have 7000 youth, family and adult members at the Embarcadero YMCA. He was getting a lot of questions about what the future of the Embarcadero YMCA. The Commission is being lobbied and getting a lot of information as well as the community. He wanted to set the record straight for the community. They have been at the Embarcadero YMCA for 75 years and plans to stay for another 75 years. There is abundance of information suggesting that Embarcadero YMCA is going to be closed and they will be relocated to the Pier 27-31 project which is absolutely false. In addition, there are Internet sites that are listing the same information. All the YMCAs are bursting at the seams. They are making plans for the Embarcadero YMCA to grow. They are looking at the possibility of adding another floor to the building. The pier project will basically add to the many things they offer and would be able to serve more than the 65,000 people they are serving now.

Linda Lovelace, Mills/YMCA, gave her support to an agency that strongly supports a very large part of the families and communities within San Francisco. She is the expanding learning coordinator for the San Francisco Unified School District. Her primary role is the oversight of SB1756 grant which is an afterschool grant and the Federal 21st Century Grant as well as the Healthy Start and through the Mayor's Office, the Beacon Center. For all of the wonderfulness that the Commission may have heard for any of those programs, it is not possible for them to have those programs without the YMCA. The YMCA has been, from day one of planning, involved in the implementation of writing of grants, in the implementation of planning with their families, the communities in deciding what direction they were going to take as a responsible institution to support the recreational and academic needs of the community. In going after the many grants through the Federal and the State, the YMCA not at one time asked what they were going to get back.. Instead, they continually heard from them if this is what's best for the families, are they doing the most they can for the families in need and what's next. As a result, they have received more than $7 million in grants in the past year through the various sources (SB1756 and 21st Century). The YMCA has received only two payments of those respective grants. They have not had any delay in service, any delay in training or any refusal of the more than 2000 families who are involved and recipients of the program. She echoed to the Commission that we are not talking about strangers and we are not discussing anyone coming from the outside to help them do what they know is needed for families of San

Francisco. They are discussing a respectable institution who has proven and continually proved every single day that they care about the families, they care about the children and they care about the community of San Francisco.

7. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 6:50 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case).
X As Defendant X As Plaintiff

b. Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 (1 case).

- F. Alioto Co. v. CCSF; Superior Court Case No. 318360.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. This session is closed to any non-City/Port representative. *

a. Property: Pier 30/32 and SWL 330
Person Negotiating: Port: Anne Cook, Manager, Waterfront Development Projects
*San Francisco Cruise Terminal LLC: Glen Elkington

b. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

c. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

d. Property: 601 Cesar Chavez Street
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Finer's Diner: Steve Finer, President
*Cliff's Barbecue & Seafood: Clifton Turner, Owner

e. Property: Pier 38 Maritime Recreation Center
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Pier 38 Maritime Center: Carl Ernst

8. RECONVENE IN OPEN SESSION

At 10 p.m., the Commission returned from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval not to disclose any information discussed in executive session. Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 10 p.m.

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SPECIAL MEETING
3:00 P.M., MARCH 26, 2001
BAYSIDE CONFERENCE ROOM
PIER 1, S.F. 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - March 13, 2001 Regular Meeting

3. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   B. CLOSED SESSION

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

         a. Discuss anticipated litigation matters pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d). (Two Potential Cases)

            - As Defendant: On February 20, 2001, the Port received five bids for the Pier 34 Demolition Project (Port Contract No. 2670). The low bid is within the construction budget but all remaining bids exceed the budget. The low bid is the subject of a bid protest alleging that the bid fails to satisfy the bid requirements, which presents significant exposure of potential litigation.

            - As Defendant: Wharf J-3. The Port recently issued a 60-day condemnation notice to tenants at Wharf J-3, stating that the premises are unsafe for occupancy. The need to vacate the premises, and the respective parties' rights and liabilities under the license agreements presents significant exposure of potential litigation.

      (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Pier 30/32 and SWL 330
Person Negotiating: Port: Anne Cook, Manager, Waterfront Development Projects
*San Francisco Cruise Terminal LLC: Glen Elkington

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding the Bryant Street Pier Project.

b. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 27-31.

c. Property: Pier 96
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Slagcem: Paul Minault

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

d. Property: Castagnola Restaurant @ Jefferson Street
Person Negotiating: Port: Theresa Picon, Director, Real Estate
*Castagnola Restaurant: General Lolli

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding Castagnola Restaurant.

e. Property: Various sites along the Embarcadero
Person Negotiating: Port: Byron Rhett, Director of Planning and Development
*J.C. Decaux.: Stephen Whitlock

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations with J.C. Decaux.

f. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding property located at Pier 45, Shed A.

g. Property: Jelly's – A Dance Café @ Pier50
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Jelly's – A Dance Café: Clarice Lacau

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding Jelly's – A Dance Café at Pier 50.

h. Property: 601 Cesar Chavez Street
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Finer's Diner: Steve Finer, President
*Cliff's Barbecue & Seafood: Clifton Turner, Owner

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations regarding Port property located at 601 Cesar Chavez Street.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

5. EXECUTIVE

A. Executive Director's Report
- Pier 70 RFP

B. Request for approval of Resolution of Appreciation to Robert Tufts. (Resolution No. 01-23) (Staff report provided to the Commission.)

C. Request for approval of resolution authorizing the Executive Director to apply for, accept and expend up to $400,000 from the Association of Bay Area Governments' San Francisco Bay Trail Project for the Downtown Ferry Terminal Public Pier Project. (Resolution No. 01-21) (Staff report provided to the Commission.)

6. ENGINEERING & MAINTENANCE

A. Request for authorization to reject all existing bids for Contract No. 2670, "Pier 34 Demolition," and permission to re-advertise for new contract bids. (Resolution No. 01-24) (Staff report provided to the Commission.)

7. PLANNING & DEVELOPMENT

A. Request for approval of locations for an Automatic Public Toilet and Public Service Kiosks by JCDecaux San Francisco, Inc. along the Embarcadero between Bay Street and Second Street. (Resolution No. 01-22) (Staff report provided to the Commission.)

B. Informational presentation on the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located on The Embarcadero between Greenwich and Bay Streets. (Staff report provided to the Commission.)

8. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's web site at www.sfport.com.

MARCH/APRIL 2001
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
March 26 *SPECIAL MEETING*	3:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
March 27 *CANCELLED*	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
April 10 *CANCELLED*	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
April 18 *SPECIAL MEETING*	3:00 p.m.	Port Commission	***Gabbiano's Restaurant behind the Ferry Bldg.***
April 24 *CANCELLED*	4:00 p.m.	Port Commission	Bayside Conference Room @Pier 1

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda.

The Ferry Building Waterfront Advisory Group does not have any scheduled meetings. Contact Person: Alec Bash @ 274-0539.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. The next meeting is scheduled for March 26, 2001, from 6:00-8:00p.m. @ the Bayview Hunter's Point Police station community room located at 201 Williams Street. Contact Person: Braj Norris @ 274-0540.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:
A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

San Francisco Lobbyist Ordinance. Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

PORT OF SAN FRANCISCO

MEMORANDUM

March 20, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Resolution of Appreciation to Robert Tufts

RECOMMENDED ACTION: Approve Resolution

This memorandum and attached resolution is written to honor Robert Tufts for his many years of dedicated public service to the Port of San Francisco, and the Bay Area at large.

Mr. Tufts served as Chair of the Waterfront Plan Advisory Board, the 27-member citizen committee created by the Port Commission to develop and recommend the Waterfront Land Use Plan. The Waterfront Plan project was initiated by the Port in 1991 to meet the requirements of Proposition H of 1990, calling for a land use plan for Port piers and shoreline properties.

At the time, the Port's decision to take the lead in developing the Waterfront Land Use Plan via a community advisory committee process was significant, although somewhat daunting in scope and complexity. However, Mr. Tufts' selection as chair of the Waterfront Plan Advisory Board provided reassurance to the Port and the public because he already was recognized for his leadership abilities as Chair of the San Francisco Bay Conservation and Development Commission (BCDC). During that time, Mr. Tufts had acquired vast experience not only in understanding the tensions between environmental protection, public access, maritime and other economic needs affecting San Francisco Bay, but also the need to maintain open and civil public meetings to ensure all points of view could be constructively addressed.

That experience served the Port and City well as the public planning process to develop the Waterfront Land Use Plan wound its way over six years. Mr. Tufts dutifully chaired, managed, cajoled, mediated and helped bring resolution to the myriad waterfront planning debates and

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issues raised in over 100 public meetings. Through them all, Mr. Tufts exhibited extraordinary fairness, patience, compassion and leadership, mixed with a wry sense of humor, which helped to make the Waterfront Plan process a model for community planning.

Once the Waterfront Land Use Plan was adopted by the Port Commission, Mr. Tufts continued to play an important role as BCDC Chair in guiding the Port and BCDC through a lengthy and complex process to establish consistent planning policies in the Port and BCDC's plans. Ultimately, it was Mr. Tufts' initiative and leadership that established a joint committee of Port and BCDC Commissioners which met regularly to receive public comments, and to grapple with the outstanding planning and regulatory issues. The Committee's thoughtful and careful consideration of all the issues fostered a better public understanding necessary to resolving the remaining policy areas. Consequently, the resulting amendments to BCDC's Bay Plan and San Francisco Waterfront Special Area Plan (and conforming amendments to the Port's Waterfront Land Use Plan) were unanimously approved by the full BCDC and Port Commissions.

One of Mr. Tufts guiding concerns throughout the planning process has been implementation. The Waterfront Land Use Plan and BCDC Plan amendments lay the foundation for waterfront revitalization projects in San Francisco, as already witnessed by the historic restoration of Pier 1, the historic restoration of the Ferry Building, the expansion of the Downtown Ferry Terminal, the proposed Bryant Street Pier and James R. Herman Cruise Terminal project, and others.

Last month, Mr. Tufts stepped down from the BCDC after 17 years of faithful service. It is fitting and appropriate to take this opportunity to again express the Port's thanks and great appreciation, and to celebrate his extraordinary contributions to planning for the San Francisco waterfront, as well as improving San Francisco Bay at large.

Submitted by: Diane Oshima
Manager, Waterfront Planning

H/oshima/pcomm/5

PORT OF SAN FRANCISCO
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-23

WHEREAS, Proposition H, passed by San Francisco voters in 1990, required preparation of a land use plan for the Port's piers and shoreline properties; and

WHEREAS, In 1991, the Port Commission created the Waterfront Plan Advisory Board (Advisory Board), with 27 members representing San Francisco citizens, maritime, design, environmental, neighborhood and other waterfront stakeholders to recommend a Draft Waterfront Land Use Plan for Port Commission consideration; and

WHEREAS, Robert Tufts, designated as Chair of the Advisory Board, demonstrated extraordinary skills in leading a comprehensive, intensive public planning process which involved over 100 Advisory Board meetings held twice monthly for three years, sometimes late into the night or on weekends, and thereafter on an as-needed basis to develop the draft Waterfront Plan, and to advise the Port on various waterfront planning issues; and

WHEREAS, Under Mr. Tufts' guidance, the Advisory Board and general public learned about the Port's legal responsibilities, finances, regulatory environment and history in the process of developing the Waterfront Land Use Plan, which public knowledge continues to benefit the discussion and consideration of waterfront improvement projects now underway; and

WHEREAS, Once the Waterfront Land Use Plan was adopted, Mr. Tufts continued to play a key role in guiding the Port and BCDC to establishing consistent waterfront planning policies in the Port and BCDC's plans for the San Francisco waterfront; and

WHEREAS, Mr. Tufts' success in developing consensus among diverse interests owes to his personal dedication, good will and good humor, and his open and honest approach which always gave due consideration to ideas, questions and concerns expressed by interested citizens, and which has consistently impressed the Port Commission, its staff and the general public; and

WHEREAS, Mr. Tufts contributions to waterfront planning helped lay the foundation for numerous Port projects now underway, including the Pier 1 historic restoration; Ferry Building historic restoration; James R. Herman Cruise Terminal and Bryant Street Pier project; and Downtown Ferry Terminal expansion; now therefore, be it

RESOLVED, The San Francisco Port Commission expresses its utmost appreciation and thanks to Robert Tufts for his invaluable contributions and dedication to guiding the evolution of the San Francisco waterfront through sound public planning policies, and for his extraordinary fairness, compassion, and honorable leadership.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 26, 2001.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 16, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Resolution authorizing the Executive Director to apply for, accept and expend up to $400,000 from the Association of Bay Area Governments San Francisco Bay Trail Project for the Downtown Ferry Terminal Public Pier Project (Resolution No. 01-21)

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

The San Francisco Bay Trail is a planned recreational corridor that will eventually connect 47 cities, nine (9) counties, and regional toll bridges around the Bay Area. The Bay Trail consists of 57,000 acres of open space connecting to a broad range of industrial, commercial and residential sites, as well as natural, cultural and historic areas. To date, over half (approximately 210 miles) of the San Francisco Bay Trail is complete. The San Francisco Bay Trail Project was created by the Association of Bay Area Governments (ABAG), to expedite and advocate, through a grant program, the development of the Bay Trail. The San Francisco Bay Trail Project is accepting funding proposals for the construction of local segments of the Bay Trail.

The Port is proposing to submit an application to fund the construction of the Downtown Ferry Terminal Public Pier Project.

PROJECT DESCRIPTION

The Downtown Ferry Terminal Public Pier will enhance the Downtown Ferry Terminal Project, located at the beginning of the Bay Trail and currently under construction, by providing a breakwater to protect the southern berths from winter storm damage. The

THIS PRINT COVERS CALENDAR ITEM NO. 5C

Public Pier project will also add public access on top of the breakwater/pier for the enjoyment of visitors to the area. It will be utilized by many, due to its favorable location in downtown San Francisco and at the Bay's central and busiest ferry facility.

The Public Pier will provide visitors with the opportunity to see unobstructed views of the Bay Bridge, Treasure Island, and Downtown San Francisco. It will be a unique place to walk out 500 feet over the water and enjoy the natural qualities of the Bay while appreciating the remarkable historic and new built environments around it.

This project is consistent with many Bay Conservation and Development Commission and Port policies encouraging the creation of public access to and over the San Francisco Bay. Both the Port and BCDC Commissions approved the Public Pier project, and its environmental review was completed as part of the Downtown Ferry Terminal project.

PROJECT BUDGET AND SCHEDULE

The total project budget is $1.6 million. The amount requested from ABAG for this grant is $400,000. The California Coastal Conservancy has committed $400,000, and $300,000 is coming from Port capital funds. $500,000 still remains unidentified.

Design of the Public Pier will begin this August. Construction is scheduled to commence in January 2002 and the project should be fully constructed by May 2002.

Prepared by: Imani Haygood, Acting Manager, Governmental Affairs Office

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-21

WHEREAS, The San Francisco Bay Trail is a continuous 400 mile network of trails intended to provide connections to existing park and recreation facilities, create links to existing and proposed transportation facilities, and be planned in such a way as to avoid adverse effects on environmentally sensitive areas; and

WHEREAS, The San Francisco Bay Trail Project is a program administered by the Association of Bay Area Governments, designed to provide funding to accelerate the development of Bay Trail; and

WHEREAS, The San Francisco Bay Trail Project has announced the availability of these grant funds; and

WHEREAS, The Downtown Ferry Terminal Public Pier project, adjacent to the Port's newest and busiest ferry terminal facility, will be located at the beginning of the Bay Trail; and

WHEREAS, The Downtown Ferry Terminal Public Pier project, which will add public access on top of the breakwater/pier being constructed to protect the southern berths from winter storm damage, was identified as eligible for funding under this grant program; and

WHEREAS, The Public Pier project has received approval from both the Port and the Bay Conservation and Development Commissions; and

WHEREAS, The Downtown Ferry Terminal Project was analyzed in an Environmental Assessment under the National Environmental Policy Act (NEPA) and Initial Study under the California Environmental Quality Act (CEQA), published on July 1, 1997; and

WHEREAS, The San Francisco Planning Department adopted and issued a Final Negative Declaration (the "Negative Declaration") pursuant to CEQA on August 7, 1997 and the Federal Highway Administration issued a Finding of No Significant Impact (FONSI) pursuant to NEPA on September 15, 1997 for the Downtown Ferry Terminal Project; and

WHEREAS, On July 27, 1999, the Port Commission approved certain actions regarding the Downtown Ferry Terminal Project, including adoption of the Negative Declaration based on the findings that the proposed project would have no significant impact on the environment and incorporated herein by reference thereto the findings of the Final Negative Declaration, Case No. 94-380E issued by the Planning Department, a copy of which is on file with the Port Commission Secretary, and further found that no

additional environmental review was required for the reasons set forth below; and

WHEREAS, The Downtown Ferry Terminal is within the scope of development analyzed in the Environmental Assessment and Negative Declaration; and

WHEREAS, Modifications incorporated into the Project and reflected in the Downtown Ferry Terminal will not require major revisions to the environmental review documents due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified and significant effects; and

WHEREAS, No substantial changes have occurred with respect to the circumstances under which the Downtown Ferry Terminal will be undertaken which would require major revisions to the Environmental Assessment and Negative Declaration due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Environmental Assessment and Negative Declaration, and no new information of substantial importance to the Downtown Ferry Terminal has become available that would indicate: (i) the Downtown Ferry Terminal will have significant effects not discussed in the environmental review documents; (ii) significant environmental effects will be substantially more severe; or (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects on the environment; now, therefore be it

RESOLVED, That the Public Pier is within the scope of the Negative Declaration; and, be it further

RESOLVED, That the San Francisco Port Commission does hereby authorize the Executive Director to apply for, accept and expend San Francisco Bay Trail Project funds from the Association of Bay Area Governments in the amount of $400,000 for the construction of the Downtown Ferry Terminal Public Pier Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 26, 2001.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 21, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for authorization to reject all existing bids for Contract No. 2670, "Pier 34 Demolition," and permission to re-advertise for new contract bids.

DIRECTOR'S RECOMMENDATION: AUTHORIZE PORT STAFF TO REJECT ALL EXISTING BIDS FOR CONTRACT NO. 2670, "PIER 34 DEMOLITION" AND PERMISSION TO RE-ADVERTISE FOR NEW CONTRACT BIDS.

On December 13, 2000, the Commission authorized Port Staff to advertise for bids for Contract No. 2670, "Pier 34 Demolition". On February 20, 2001, Staff received five bids for this project. A bid summary is attached. A bid protest is pending and presents the risk of litigation.

Pursuant to Section 6.21(J) of the San Francisco Administrative Code, the Port's Executive Director has reserved the right to reject all bids for any reason or no reason. In accordance with Administrative Code Section 6.21(J) and Document 00200 (Paragraph 1.10(H)) of the Project Manual, the Executive Director seeks Commission approval to reject all bids and re-bid the contract with existing project specifications.

Port Staff seeks Commission authorization to reject all bids received for Contract No. 2670 and permission to re-advertise the project.

Prepared by: Ed Byrne, Project Engineer
For: Nita Mizushima, Acting Chief Harbor Engineer

This Print Covers Calendar Item No. **6A**

TEL 415 274 0400 TTY 415 274 0587 ADDRESS Pier 1

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-24

WHEREAS, on December 13, 2000, the Commission authorized Port Staff to advertise for bidding for Contract No. 2670, "Pier 34 Demolition;" and

WHEREAS, on February 20, 2001, Staff received five bids for this project; and

WHEREAS, Section 6.21(J) of the San Francisco Administrative Code confers upon the Port Executive Director the right to reject all bids subject to Commission approval, and the Executive Director has expressly reserved the right in Document 00200 (Paragraph 1.10(H)) of the Project Manual; and

WHEREAS, for administrative reasons, the Executive Director wishes to reject all bids for Contract No. 2670 and seek new bids for the project as Contract No. 2670 (Re-Bid); now therefore be it

RESOLVED, that the San Francisco Port Commission authorizes the rejection of all existing bids for Contract No. 2670, "Pier 34 Demolition," and authorizes Staff to re-advertise for new Contract bids.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its special meeting of March 26, 2001.

_____
Secretary

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Ed Byrne
Checked By:
Date: 2/21/01

Project: Pier 34 Demolition
Contract No.: 2670 **Project Engineer: Ed Byrne** **Bids Opened: February 20, 2001**

			Zaccor Companies Inc. 2900 Main Street Alameda, CA. 94501 (510) 522-6210		Peak Engineering, Inc. 2332 Mariposa St. San Francisco, CA 94110 (415) 252-8140		Ferma Corporation 1265 Montecito Ave., Suite 200 Mountain View, CA 94043 (650) 961-2742		Evans Brothers Inc 7589 National Dr. Livermore, CA 94550 (925) 443-0225		Seaworks Inc. 8517 Earhart Rd., Suite 160 Oakland, CA 94621 (510) 562-4060			
Bid Item #	**Description**	**Estimated Quantity**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Unit /LS Price**	**Total**	**Average Unit /LS Price**	**Average Total**
1	Mobilization	LS	30,000.00	30,000.00	130,000.00	130,000.00	80,000.00	80,000.00	200,000.00	200,000.00	92,500.00	92,500.00	106,500.00	106,500.00
2	Demolition	LS	488,000.00	488,000.00	800,000.00	800,000.00	1,390,000.00	1,390,000.00	2,187,000.00	2,187,000.00	470,800.00	470,800.00	1,067,160.00	1,067,160.00
3	Disposal	LS	140,618.00	140,618.00	465,000.00	465,000.00	160,000.00	160,000.00	400,000.00	400,000.00	999,000.00	999,000.00	432,923.60	432,923.60
	Total Base Bid			658,618.00		1,395,000.00		1,630,000.00		2,787,000.00		1,562,300.00		1,606,583.60

BID SUMMARY
PORT OF SAN FRANCISCO

Prepared By: Ed Byrne
Checked By:
Date: 2/21/01

Project: Pier 34 Demolition
Contract No.: 2670 **Project Engineer: Ed Byrne** **Bids Opened: February 20, 2001**

		Zaccor Companies Inc. 2900 Main Street Alameda, CA. 94501 (510) 522-6210		Peak Engineering, Inc. 2332 Mariposa St. San Francisco, CA 94110 (415) 252-8140		Ferma Corporation 1265 Montecito Ave., Suite 200 Mountain View, CA 94043 (650) 961-2742		Evans Brothers Inc 7589 National Dr. Livermore, CA 94550 (925) 443-0225		Seaworks Inc. 8517 Earhart Rd., Suite 160 Oakland, CA 94621 (510) 562-4060	
Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)
Executed Bid Form	00400	Y		Y		Y		Y		Y	
Schedule of Bid Prices	00410	Y		Y		Y		Y		Y	
Non-Collusion Affidavit	480	Y		Y		Y		Y		Y	
Bid Security equal to 10% of the Bid	430	Y		Y		Y		Y		Y	
Acknowledgment of Receipt of Adde	432	Y		Y		Y		Y		Y	
Subcontractor List	435	Y		Y		Y		Y		Y	
Certificate of Bidder Regarding Appr	465	Y		Y		Y		Y		Y	
Highest General Prevailing Rate Cer	460	Y		Y		Y		Y		Y	
HRC Form 1	455/HRC1	Y		Y		Y		Y		Y	
HRC Form 2A	455/HRC2A	Y		Y		Y		Y		Y	
HRC Form 2B	455/HRC2B	Y			N	Y		Y		Y	
Certificate of Bidder Regarding Nonc	470	Y		Y		Y		Y		Y	
Bidder's Qualification Statement	450	Y		Y		Y		Y		Y	
Business Tax Reg Declaration	454	Y		Y		Y		Y		Y	
First Source Hiring Program Certifica	457	Y		Y		Y		Y		Y	
Cert of Bidder Regarding Debarment	482	Y		Y		Y		Y		Y	
Deemed Responsive by Engin & HRC (Y/N) ?											

PORT OF SAN FRANCISCO

MEMORANDUM

March 21, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of locations for an Automatic Public Toilet and Public Service Kiosks by JCDecaux San Francisco Inc. along The Embarcadero between Bay Street and Second Street.

Summary

Through agreements with the Redevelopment Agency, the Gap Inc. is undertaking the design and development of Rincon Park, located on Port waterfront property between Howard and Harrison Streets. The Redevelopment Agency will maintain the Park in accordance with the 1995 "Agreement to Lease" with the Port. The schematic design of Rincon Park was conditionally approved at a joint hearing between the Port and Redevelopment Agency in February 2000, including the concept and location of a JCDecaux public restroom to serve the needs of Rincon Park. A "final agreement between the Port and JCDecaux regarding placement of the public restroom adjacent to the southern edge of the Park, and the related required advertising kiosks" is one of the conditions of approval for the design of Rincon Park.

The City contract with JCDecaux San Francisco provides that for each one (1) automatic toilet installed, a total of five (5) public service kiosks will be installed. JCDecaux will install and maintain at no cost to the Port the public toilets and public service kiosks on Port property. The City's contract with JCDecaux requires Port Commission approval of any proposed toilet or public service kiosk on Port property. Each public service kiosk includes two advertising panels and one public information panel. JCDecaux has identified six suitable locations for public service kiosks along The Embarcadero, which are described below. The restroom location and at least five of the proposed public service kiosk locations must be approved by the Port to fulfill the JCDecaux contract requirements for installing and maintaining a new public restroom and thereby satisfy the aforementioned condition of approval for the Rincon Park project.

This Print Covers Calendar Item No. 7A

ORT OF SAN FRANCISCO
TEL 415 274 0400 TTY 415 274 0587 ADDRESS Pier 1

The Port is currently reviewing the construction documents for Rincon Park; construction of the park may begin as early as May 2001.

Background regarding park design and public restroom amenities

The plans for Rincon Park began with the1981 Rincon Point-South Beach Redevelopment Plan and associated Design for Development ("D for D") guidelines, which contemplated the now complete re-routing of The Embarcadero roadway between Howard and Harrison Streets to provide a site for a new major waterfront park with an adjacent restaurant site. The D for D recommends a number of public amenities for the park, including public restrooms.

In January 1995, the Agency entered into a Disposition and Development Agreement (as amended, the "DDA") with The Gap for the development of a headquarters office building at Folsom Street and the Embarcadero. Under the DDA, The Gap is required to develop (or to contribute funds for the development of), Rincon Park, which is directly across The Embarcadero from its office site. As of June 13, 1995, the Agency and Port entered into an "Agreement to Lease" under which the Agency agreed to lease the Park Site from the Port, develop it as a park, and operate it and maintain it for a period of 65 years. The Gap will contribute $100,000 annually for ten years toward security costs.

The design review process for Rincon Park included review and input from the Rincon Point-South Beach Citizens Advisory Committee ("CAC"), the Planning Department, the Port's design advisors and the Waterfront Design Advisory Committee. The Planning Department's two primary concerns were maintaining certain view corridors between the City and the Bay and the provision of a public restroom to serve park users.

Why JCDecaux?

An early iteration of the park design included a freestanding public restroom near the foot of Folsom Street, but was subsequently deleted. The freestanding restroom would have been constructed with the other park improvements by The Gap (or Redevelopment Agency) and maintained by the Redevelopment Agency. The Redevelopment Agency examined the construction and maintenance costs for a restroom and determined the costs to be prohibitive. The Agency was also concerned that annual budgetary constraints might lead to inadequate maintenance and security for the restroom, which would have a negative impact on the park.

The Port and Redevelopment Agency discussed the possibility of including a restroom within the proposed adjacent restaurant project, however this approach was rejected for several reasons. First, the initial construction and ongoing maintenance costs are not eliminated with this approach and would need to be provided through rent credits or other subsidy to the restaurant operator. Second, the Port has not found restaurant operators to be effective managers of public restroom facilities, especially in areas where restrooms are heavily utilized as is expected at Rincon Park. Finally, a public restroom within a

private leasehold area poses some added liability issues and potentially challenging public interface issues that a restaurant operator would not otherwise encounter.

Ultimately, the Redevelopment Agency and Gap Inc. suggested that the Port accept a JCDecaux restroom and associated public service kiosks on Port property. The JCDecaux program offers benefits that address park development and maintenance issues, including:

- Restroom installation at no cost to the City (provided the existence of nearby utility connections);
- Self-cleaning features and maintenance services provided by JCDecaux at no cost to the City;
- A secure restroom environment;
- Park development and maintenance costs can be channeled toward other public amenities and first-rate maintenance and security services.

In addition, a percentage of advertising revenues accrue to the City and/or Port pursuant to the JCDecaux contract.

JCDecaux Program for Rincon Park

The City contract with JCDecaux San Francisco provides that for this one (1) automatic toilet installation, a total of five (5) public service kiosks will be installed. JCDecaux will install and maintain at no cost to the Port the public toilets and public service kiosks on Port property.

Automatic Public Toilet. The Rincon Park improvement plan approved at a joint public hearing between the Port Commission and Redevelopment Agency in February 2000 included a proposed JCDecaux restroom adjacent to the southerly boundary of the Park (see Figure 1). The chosen location is at the confluence of the promenade sidewalk and The Embarcadero sidewalk, near the Fire Boat House that is manned 24 hours per day, 7 days per week. Unlike locations near the interior of Rincon Park, the proposed location enjoys the passive security benefits of high visibility from the street and sidewalks and from the continuous occupancy of the adjacent building.

JCDecaux will install the restroom, including up to $20,000 toward the cost of connecting to power, telephone, water and sewer utility lines. The Gap Inc. is reviewing preliminary utility connection costs for the proposed location. Another Condition of Approval for Rincon Park is preparing a "funding plan acceptable to the Port and Agency to cover all costs associated with installation of the JCDecaux toilet for the Park".

Public Service Kiosks. JCDecaux identified six public service kiosk sites that meet their location requirements. The locations are listed below and are illustrated on Figures 2 and 3:

Embarcadero Roadway. Approval of the attached Resolution will allow the Embarcadero/Bay kiosk to remain; a new kiosk will be returned to Harry Bridges plaza since the roadway construction is complete.

The Port and Redevelopment Agency staffs have been working with JCDecaux, the CAC and interested property owners to review and discuss the proposed locations. The Rincon Point-South Beach CAC recommends the placement of JCDecaux public service kiosks at only the first five (5) of the proposed locations listed above. And the CAC recommends that the internal lighting for the kiosks be shut-off between midnight and 6:00 a.m. every day for sites adjacent to residential developments. (See attached March 16, 2001 letter to Douglas Wong.)

Recommendation

Port staff is supportive of the Redevelopment Agency's proposal to utilize the JCDecaux program to provide a public restroom for Rincon Park. The concept was included in the schematic design for Rincon Park and previously approved by the Redevelopment Agency and Port Commissions and addresses many of the cost, quality and security issues regarding development and maintenance of public restrooms. The Port has successfully implemented the JCDecaux program on the Northern Waterfront, providing needed public facilities to active public access areas that are utilized by residents and visitors to the San Francisco waterfront.

In light of the comments and recommendations from the CAC, we recommend that the Port Commission approve the proposed public toilet and only the first five of the six proposed public service kiosks at this time. In so doing, the Rincon Park project may move forward toward final design and building permits.

There are no known problems concerning light or glare from existing public service kiosks near residential properties. The kiosks are aligned with the city streetlights between the sidewalk and the curb face, are not as tall as the existing streetlights, and are not expected to affect the adjacent residential properties. Nevertheless, the City's contract with JCDecaux includes provisions for removing or relocating up to three (3) public service kiosks in any twelve month period because of private development, public works projects, public convenience or any other reason. In reliance upon this provision, the Port can be responsive to community concerns when or if they arise.

Prepared by: Kari Kilstrom for
Byron Rhett, Director of Planning & Development

PORT COMMISION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-22

WHEREAS, in April 1994 the Port Commission, the City and County of San Francisco, and JCDecaux San Francisco Inc. entered into a contract to install self-cleaning public toilets and public service kiosks on Port property; and

WHEREAS, in December 1998, the Port Commission, the City and County of San Francisco and JCDecaux San Francisco Inc. entered into an amended and restated Automatic Toilet and Public Service Kiosk Agreement; and

WHEREAS, the amended contract provides that a total of five (5) public service kiosks will be installed for each one (1) automatic toilet installed; and

WHEREAS, pursuant to the amended contract, JCDecaux San Francisco will install and maintain, at no cost to the Port, the public toilets and public service kiosks on Port property; and

WHEREAS, pursuant to the contract, JCDecaux San Francisco will submit engineering drawings to secure all necessary permits from the Chief Harbor Engineer and other regulatory agencies with jurisdiction over the proposed facilities; now therefore be it

RESOLVED, the Port Commission approves the installation of one (1) automatic toilet at the following location:

Northbound Embarcadero, near Fire Boat House at end of Harrison Street; and be if further

RESOLVED, the Port Commission approves the installation of five (5) public service kiosks at the following locations as illustrated in Figures 2 and 3 of the associated March 21, 2001 Memorandum to the Port Commission:

- Southbound Embarcadero near Bay Street;
- Southbound Embarcadero, near Mission Street;
- Southbound Embarcadero, between Folsom and Harrison Streets;
- Southbound Embarcadero, near Bryant Street; and
- Southbound Embarcadero, near Townsend Street; and be it further

RESOLVED, that the above mentioned locations are approximate and, if upon further technical investigations and discussions between the Executive Director and JCDecaux any of the sites prove infeasible, the Executive Director is hereby authorized to modify the locations to accommodate the placement of the Decaux facilities; and be it further

RESOLVED, that the Port Commission hereby approves Resolution No. 01-22.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its Meeting of March 26, 2001.

_____
Secretary

RINCON POINT - SOUTH BEACH
CITIZENS ADVISORY COMMITTEE

March 16, 2001

MEMBERS

Richard Dickerson, Chair

Michael Sweet Vice-Chair

**Joyce Armstrong*
Frank Billeci
Andrew Brooks
**Pamela Bullard*
Anne F. Ching
**Phillip DeAndrade*
**Babette Drefke*
Michael Farr
Alfonso Felder
Larry Florin
Richard Forst
D. Michael Gray
Jim Haas
Drew Harper
Cassandra Huysentruyt
**Mariuccia Iaconi*
Ellen Jolinck
Anthony Jones
Michael Karasik
Redmond Kernan
Jeffrey Leibovitz
Toby Levy
David Osgood
Judith Patterson
Netra Roston
Greg Samoulides
Vicki Simon
Kevin Solliday
Judith B. Walsh
Paul D. Warenski
Patricia Wilks
Beverly T. Wilson

**Interim Members Ballpark Matters*

Mr. Douglas F. Wong
Executive Director
Port of San Francisco
Pier 1
San Francisco, CA 94111

RE: Rincon Park Public Restroom

Dear Doug:

I am writing you at the direction of the Rincon Point – South Beach Citizens Advisory Committee (CAC) to voice our position and concerns regarding the issue of including a J.C. Decaux public restroom in Rincon Park and the resulting installation of J.C. Decaux public service kiosks along the Embarcadero. We have been working with staff from both the Redevelopment Agency and the Port for the past several years regarding the concept and design of this park between the Embarcadero Roadway and the Bay, opposite the new GAP headquarters building. During this process there have been many compromises made by all of the parties involved in hopes of achieving our common goal of constructing this potentially beautiful public open space along the southern waterfront sometime in the near future. This restroom issue has developed into a situation where our making another such compromise appears to be necessary to ensure a timely development of the park.

Our committee has spent a great deal of time walking our neighborhood with staff members and representatives of J.C. Decaux to find locations suitable for their advertising that are the least offensive from a neighborhood viewpoint. We have also investigated and debated the possibility of alternatives to a J.C. Decaux public restroom in Rincon Park, but have unfortunately found no alternative that meets the financial and time constraints of the project. Therefore, the general consensus among members of our CAC is that, while we are not pleased with the concept of additional advertising along the Embarcadero, we are willing to acquiesce to and herein recommend the placement of J.C. Decaux public service kiosks at the following locations along the Embarcadero.

SW corner of Embarcadero & Bay
SW corner of Embarcadero & Mission
Mid-block of Embarcadero near Folsom
NW corner of Embarcadero & Bryant
NW corner of Embarcadero & Townsend

In conjunction with this we also strongly recommend that the sites adjacent to residential developments be conditioned to require no lighting of the advertising kiosks from midnight to 6:00 am every day. And we ask that the location at Embarcadero & Townsend be designated as a temporary location subject to relocation to another mutually agreeable site, if this site is found to be unsuitable. While we know that these requests are outside of the normal J.C. Decaux contract terms, we believe that they are reasonable considering the predominantly residential nature of the neighborhood, and the constraints that have been placed on other forms of advertising along the southern Embarcadero by both this committee and various public agencies.

We greatly appreciate the receptive and thoughtful nature with which our viewpoints are met by the Staff and Commission of the Port of San Francisco. And let me assure you that the CAC takes very seriously its opportunity to express to the Port its comments and recommendations regarding issues on the southern waterfront. It is through this method of open communication, and serious but fair-minded deliberation (and compromise), that our neighborhood has been able to maintain its character while embracing the growth along the southern waterfront.

Sincerely,

Richard Dickerson
Chairperson

cc. Amy Neches
S.F. Redevelopment Agency

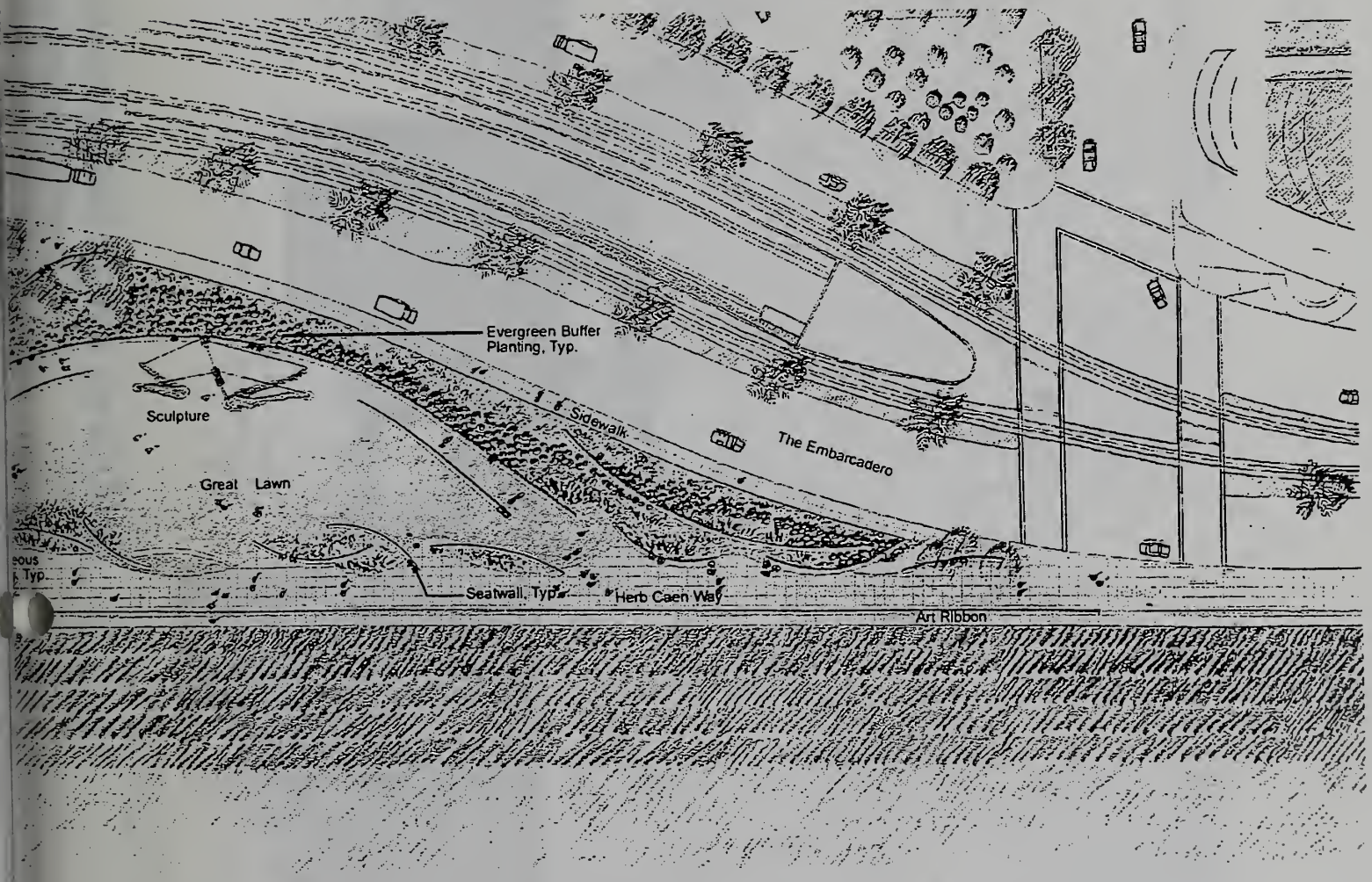

Evergreen Buffer
Planting, Typ.
Sculpture
Sidewalk
The Embarcadero
Great Lawn
Seatwall, Typ.
Herb Caen Way
Art Ribbon

Figure 1

JCDecaux San Francisco
Proposed Kiosk and Restroom Locations

March 1, 2001

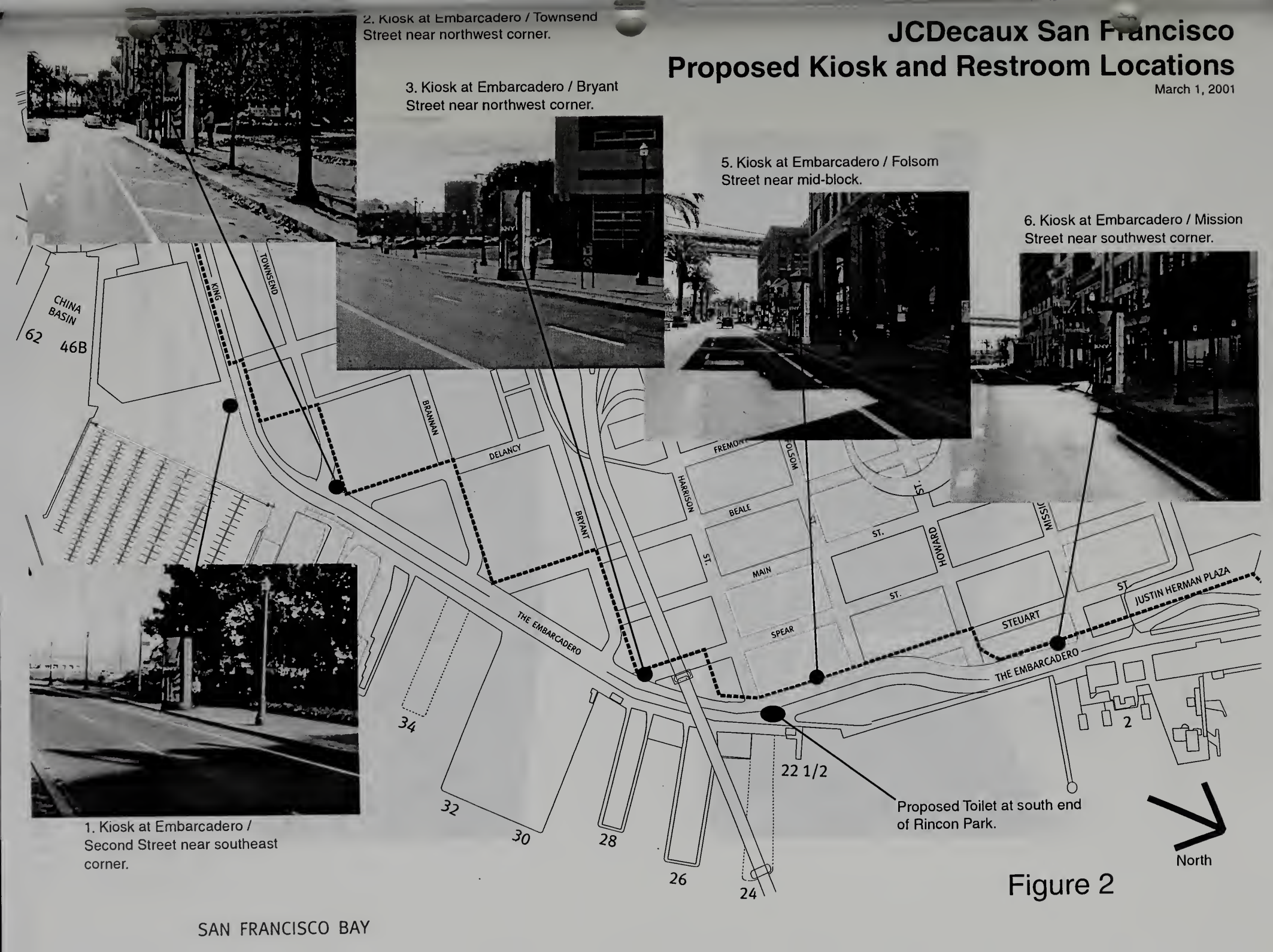
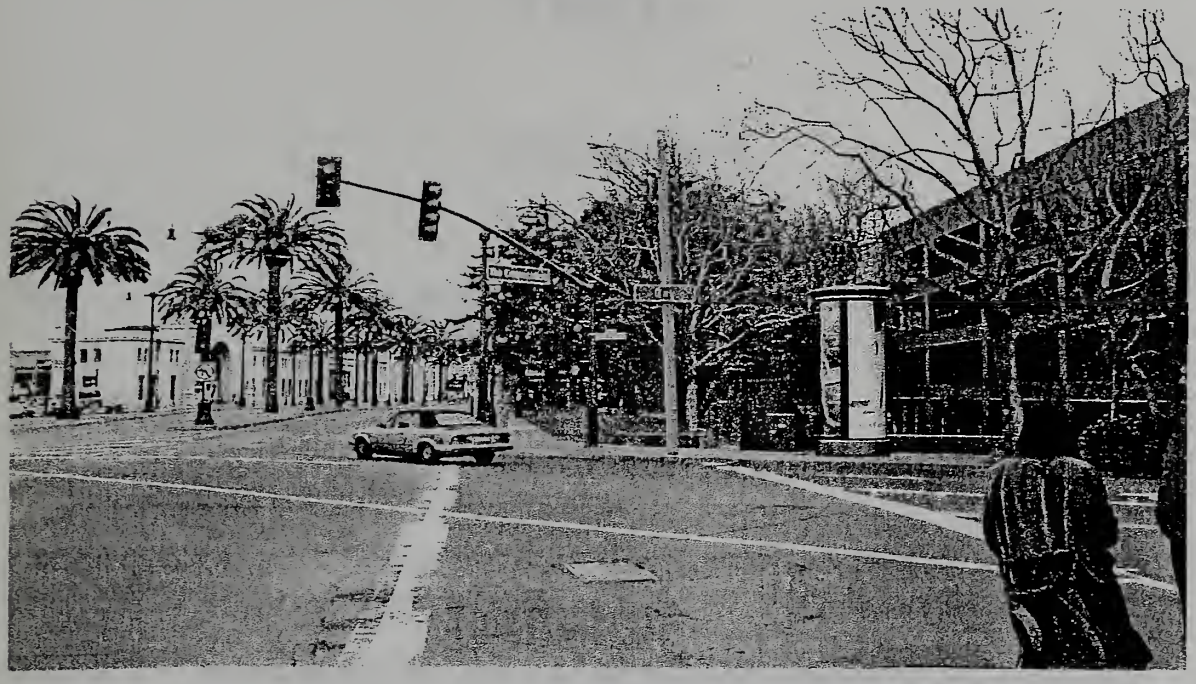


Figure 2

JCDecaux San Francisco



Address	Bay @ Embarcadero	Street Corner	
Automatic Public Toilet	Type		
Comments	Date	2/22/01	
Scale 20:1	Ref		

Figure 3

PORT OF SAN FRANCISCO

MEMORANDUM

March 21, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational presentation on the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located on The Embarcadero between Greenwich and Bay Streets

DIRECTOR'S RECOMMENDATION: FOR INFORMATION ONLY; NO ACTION REQUIRED

This staff report provides updated information on the two proposals submitted by the following respondents (listed in alphabetical order) to the amended Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project ("RFP"):

- **Chelsea Piers, L.P.**, a limited partnership.
- **The Mills Corporation**, a real estate investment trust.

The two respondents made informational presentations to the Port Commission on their proposals at its January 9, 2001 meeting. For that meeting, Port staff prepared a memorandum to the Port Commission, which compared the two proposals, based upon the information the respondents submitted by the December 5, 2000 deadline.

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The RFP provides for a process for selecting a respondent for exclusive negotiations in which the submittals are to be reviewed and evaluated by Port staff, possibly with the assistance of independent consultants. On November 21, 2000, the Port Commission authorized and directed Port staff to contract with a consultant team led by Bay Area Economics to assist Port staff in its evaluation of the responses. The RFP also provides that, as a part of their review, Port staff and the consultants may at their discretion contact references and industry sources, investigate previous projects and current commitments, interview developers and development teams, and request clarification or additional information from the respondents. Port staff and its consultant team have conducted this research, including submitting three sets of questions to each respondent requesting specific clarifications and additional information. This has enabled Port staff and its consultant team to better understand the proposals, including application of more consistent definitions and clarification of some vague elements of the proposals.

The tables presented in this memorandum incorporate the clarifications and additional information that the Port received from the respondents. These tables more clearly present the proposals that are being reviewed and evaluated by the Port, using the RFP selection criteria. Changes from the memorandum for the January 9, 2001 Port Commission meeting are highlighted: ~~strike-throughs~~ for deletions and underlines for additions (note that only general, rather than exact word-for-word changes are highlighted.). The information reflects the various elements as articulated by the respondents, modified to reflect definitions consistent with the RFP and between the two proposals.

BACKGROUND

On September 21, 1999, the Port Commission by Resolution No. 99-72 approved the mission statement and development concept, as well as key lease terms and the selection process, for the Piers 27-31 Mixed Use Recreation Development Project ("Recreation Project"). The Port Commission also authorized issuance of a request for proposals for the Recreation Project. The Site for the Recreation Project consists of a 19-acre complex of piers on the Northeast Waterfront, including Piers 27, 29, 29 ½, and 31, which is shown on the attached map.

On December 8, 1999, the RFP was suspended due to the pending public review of proposed amendments to the policies and plans of the San Francisco Bay Conservation and Development Commission (BCDC), which would impact the proposed Recreation Project. On July 20, 2000, at a joint meeting of BCDC and the Port Commission, BCDC unanimously approved recommended amendments to its plans and the Port Commission unanimously approved recommended amendments to its Waterfront Land Use Plan. These amendments removed restrictions that prevented projects such as the Recreation Project proposed for Piers 27-31 from being developed, and adopted new policies for the San Francisco Waterfront between China Basin and Pier 35.

Following meetings of the Northeast Waterfront Advisory Group, the Port Commission, on August 15, 2000 by Resolution No. 00-68, approved amendments to the RFP. The amended RFP was issued on August 31, 2000, with a revised deadline of December 5, 2000 for submitting proposals.

The Port's primary goals for the Recreation Project are stated in the following Mission Statement for this development opportunity:

"The goal of this development is to create a unique and inviting waterfront mixed-use Recreation Project, integrating a varied mix of maritime and commercial uses and open space, including a major public plaza, oriented around active recreational pursuits. This mixed-use Recreation Project will provide a venue for all San Franciscans and Bay Area residents to actively participate, individually or as groups, in diverse amateur recreational sports, physical fitness and related activities while enjoying the Recreation Project's scenic waterfront setting. The major public open space, the Northeast Wharf Plaza, will be a city and regional resource. The plaza and the other open spaces included in the Recreation Project will create opportunities for engaging in and viewing active recreational activities while enjoying expansive Bay views. New opportunities for recreational boating and other water uses will be created, and maritime berthing compatible with the adjacent new uses at Pier 27 will continue, including temporary ceremonial ship berthing and 'port of call' cruise ship berthing.

"The Recreation Project will have a quality design that is authentic to the rich historic maritime industrial character of the Northeast Waterfront. The Recreation Project will be designed to respect this character, to create a focal point for new activity on the Northeast Waterfront, and to maximize public access to and enjoyment of the Recreation Project's spectacular waterfront setting."

SUMMARY OF PROPOSALS

Development Team

The development teams for the two respondents, including the developers, legal entities, operators, and consultants, are summarized in the following table.

Developer:	Chelsea Piers L.P	The Mills Corporation
Legal Entity	Chelsea Piers L.P., a limited partnership, or subsidiary. The Managing General Partner is Chelsea Piers Management, Inc. which is 100% owned by Roland W. Betts, Chairman; Tom A. Bernstein, President; and David A. Tewksbury, Executive Vice President. Chelsea Piers, L.P. is the same entity that developed and owns Chelsea Piers New York.	A new limited partnership. An affiliate of the Mills Limited Partnership is expected to serve as the Managing General Partner (holding a 1% interest) and an affiliate of Kan Am Realty, Inc. is expected to serve as the Special General Partner (holding a 1% interest). The remaining interests in the partnership are expected to be held by The Mills Limited Partnership and Kan Am Realty , Inc. entities as limited partners. The sole General Partner of The Mills Limited Partnership is The Mills Corporation, a real estate investment trust, Edward B. Vinson, Senior Vice President.
Management of Completed Project	Chelsea Piers Management, Inc.	Mills Service Corporation, who will manage on behalf of the limited partnership.
Sports & Recreation Facilities Operators:	Chelsea Piers Management, Inc. and Western Athletic Clubs, Inc. (San Francisco Bay Club). Chelsea Piers Management, Inc. will operate all sports and recreation facilities except for health club facility to be operated by Western Athletic	~~The Mills Corporation and~~ San Francisco YMCA. The Mills Corporation will sublease a 125,000 s.f. building pad to ~~partner with~~ San Francisco YMCA, and San Francisco YMCA will be responsible for funding the development of the new

Developer:	Chelsea Piers L.P	The Mills Corporation
	Clubs (relocating its San Francisco Bay Club facility, now at Greenwich and Battery Streets, to Pier 29). Western Athletic Clubs will sublease a portion of the existing Pier 29 shed from Chelsea Piers L.P. and will be responsible for completing its interior tenant improvements, at an estimated cost of $15-18 Million.	building and all other improvements and fixtures on this pad. YMCA plans to conduct a $30 Million capital campaign to raise the funds for this facility. San Francisco YMCA will program all recreation and sports activities on the Site, both within its new building and on the open space areas.
Consultants:		
Architects	Master Design Architects – Butler Rogers Baskett Project Architects – Kwan Henmi Architecture Planning, Inc.	Design – D'AIQ Architect – Michael Willis Architects
Landscape Architects	MPA Design	SWA Group
Aquatic Architecture and Engineering	Aquatic Design Group (ADG)	
Maritime Design	Almar Management, Inc.	TranSystems Corporation
Historic Resources Architect	Page & Turnbull, Inc.	Carey & Co., Inc.
Substructural Engineer	Moffatt & Nichol Engineers	
Structural Engineer	Rutherford & Chekene Consulting Engineers	KL&A of California; McNamara/Salvia, Inc.
Mechanical, Electrical, Plumbing Engineers		Flack + Kurtz, Inc.
Civil/Traffic Engineers	Robert L. Harrison	Korve Engineering
Parking Consultant		Walker Parking Consultants
Code/Life Safety Engineer		Shirmer Engineering Corporation
Pre-construction Services	Turner Construction Co. – Construction Planning, Estimating and Scheduling Support	
Market Research	Cushman & Wakefield of California, Inc., and Sedway Group	Winfield Consulting Group, Inc.
Pre-Development Consultant	San Francisco Giants	The Hummel Company, LLC
Legal Counsel	Coblentz, Patch, Duffy & Bass, LLP	Kay & Merkle; Reuben & Alter
Community Relations/Outreach	Jane Winslow Consulting; Alfred Williams Consultancy, LLC; Public Affairs Management; John Burton	Rose Pak; The Jefferson Company
Governmental Relations		~~HMS Associates;~~ Barbara French, David Prowler
Programming	San Francisco Giants; Columbia Park Boys and Girls Clubs; Delancey Street Foundation	San Francisco 49ers; Keena Turner; Dawn Riley
Planning Consultant	Dean L. Macris	
Project Planner		Johnson Fain Partners
Communications	Pat Schultz Kilduff	Brandfusion
Graphic Design		Louise Kollenbaum
Construction Manager		Bayley Construction
Office Consultant		~~Whitney Cressman Limited~~

Development Program

As provided in the RFP, Required Uses must be included in the Recreation Project, and Encouraged Uses are desirable but not mandatory. Permitted Uses are allowed, but must be ancillary to Required and Encouraged Uses.

Uses	Chelsea Piers L.P.	The Mills Corporation
Site Area (Including net new pile supported structures, but excluding floating fill.) **Floating Fill**	842,500 s.f. 25,000 s.f.	834,200 s.f. 18,000 s.f.
Total Gross Building Area (FAR)	636,000 s. f. (.76)	703,400 s.f. (.84)
Total Building Footprint (Site Coverage)	427,500 s. f. (51%)	410,900 s. f. (49%)
Recreational Enterprises *Required Use*	Total of approximately 500,000 s.f. of Recreational Enterprises programmed by Chelsea Piers Management, Inc. and Western Athletic Clubs. Approximately ~~465,000~~480,000 s.f. of the Project's **interior** space and approximately 20,000 s.f. of **exterior** space will be devoted to sports and recreational facilities, offering sports programs, instruction, and team play. This includes approximately 95,000 s.f. of interior public viewing areas, and approximately 22,000 s.f. of space devoted to administrative offices directly related to the operation of on-site recreational programs. All programs available on either a daily admission, pay-as-you-go basis, or through registration in classes, clinics, camps and leagues, priced for a wide range of visitors. Free public community events held throughout the year, primarily on the Northeast Wharf Plaza. *The Field House* – 100,000 s.f. facility located in Pier 27 including a 20,000 s.f. gymnastics training center, 3 hardwood basketball courts, 3 artificial-turf fields for field sports activities (including indoor soccer, lacrosse, field hockey, and baseball), batting cages, dance and martial arts studios, and special event party rooms. *The San Francisco Bay Club* –	Total of approximately 199,000 s.f. of Recreational Enterprises programmed by the San Francisco YMCA. Approximately ~~125,000~~ 146,000 s. f. of **interior** space in a new building will be devoted to YMCA facilities, including game courts, gym facilities, exercise rooms, lockers, ~~a skateboard park,~~ child care~~, roof top sports~~, Teen Center, Climb Center, Fitness Center, Aquatics Center, and Aerobics Center. Approximately 53,000 s.f. of **exterior** space will be programmed by the San Francisco YMCA adjacent to and on the roof of its building, including Skate Park, rooftop BMX track, and Natatorium Deck. The San Francisco YMCA will also program a combination of free, pay-as-you-go, and drop-in activities (such as shuffle board, volleyball, badminton, Bocce ball, or diminutive soccer pitch) in portions of open space areas, including a portion of the *Sports Valley* (approximately 44,000 s.f. area) and in a part of platform area of the *Northeast Wharf Plaza*.

Uses	Chelsea Piers L.P.	The Mills Corporation
	100,000 s.f. health club membership facility operated in Pier 29 by Western Athletic Clubs with day passes available for purchase for periodic non-member use. Facilities include hardwood basketball and volleyball courts, squash and racquetball courts, a swimming pool, exercise, aerobics and cycling studios, a full-service day spa, a childcare center, lockers, and a physical therapy and sports medicine facility. *The Aquatics Center* – 100,000 s.f. center located in Pier 29 ½ with instructional and competitive classes and recreational swimming. Facilities include an Olympic 50 meter indoor pool and 4 other special use pools, including a dive pool, a children's instructional pool, a physical therapy and exercise pool, and an outdoor recreational pool. *The Rinks* – 75,000 s.f. skating facilities located in Pier 27 including 2 regulation-sized ice rinks with viewing areas for up to 1,000 spectators. Rinks also serve as roller rinks based on seasonal demand, or alternatively, one rink could be designed exclusively for roller activities. *The Extreme Park* – 40,000 s.f. facility located in Pier 31 featuring a Skate Park (for in-line aggressive skaters, skateboarders and BMX riders), a Ropes Course, and a Rock Climbing Wall. *Bowling & Billiards* – ~~50,000~~65,000 s.f. facility located in Pier 29 with 40 bowling lanes and 40 billiards tables, video game arcade and birthday party rooms. Mezzanine level billiards center. Chelsea Piers will also program free recreational activities and special events in open space areas, in particular the *Northeast Wharf Plaza* (approximately 109,000 s.f.)	
Recreational Boating & Water Use *Required Use*	*The Maritime Center* – Situated along almost one-mile perimeter of Piers 27-31, with kayaking and sailing facilities and schools, large and small boat	*Marine Center Water Sports*- A water sports basin with a landing between Piers 29 and 31 offering small craft rentals. Approximately 18,000 s.f. of

Uses	Chelsea Piers L.P.	The Mills Corporation
Temporary and Ceremonial Berthing at Pier 27 *Required Use* **Water Taxis** *Encouraged Use* **Ferry and Excursion Boats, Historic Ships, Maritime Support Services, Temporary and Ceremonial Berthing at Piers 29-31** *Permitted Uses*	berthing, dinner and excursion cruise boats, water taxis and ferries, maritime support, and temporary and ceremonial berthing of large vessels and historic ships. A small boat marina with floating docks located between Piers 29 and 31, including floating docks along Piers 29 and 31 and 3 finger piers, and floats for water taxis and boat berthing at inner end of Pier 27. Total area of floating docks 25,000 s.f. Wave attenuation structures will be installed to mitigate surge. Temporary and Ceremonial Berthing of ships at outer 900 ft. of Pier 27 apron.	floating docks located adjacent to Pier 29 for short-term docking, ferries, water taxis and excursion boats. Temporary and Ceremonial berthing of ships at Pier 27, and large boats at Pier 31. Approximately 10,000 s.f. YMCA Marine Sport Center located in Pier 29 ½, with related sailing operation.
Open Space/Public Access *Required Uses*	Approximately ~~250,000~~288,000 s.f. (34.2% of the Site) devoted to Open Space and Public Access, comprised of 270,000 s.f. of **exterior** space and 18,000 s.f. of **interior** space for public passageways. Including 95,000 s. f. of interior public viewing areas in the recreation venues [see Recreational Enterprises above], the Open Space / Public Access Network totals 383,000 s.f. (45.5% of Site). Open space network with an approximately one mile long waterside public promenade that ranges in width from 20 feet to 50 feet around the perimeter of the project, walkways, interior spaces, public plazas, a History Wall and Bayside History Walk. *Elements of Open Space Network:* *Northeast Wharf Plaza* – A 2 ½ acre public plaza to be designed and programmed to promote daytime and nighttime usage with regular free public events.. (COMPARISONS: ; Civic Center Plaza – 2.5 AC; Justin Herman Plaza – 2.3 AC; Washington Square Park – 2.2 AC;, and Sidney Walton Park – 2.0 AC). Three potential design layouts presented for public review, recognizing that a number of interested governmental entities and civic groups will participate in the design of this plaza. Retention and reconstruction of part of Pier 27 shed roof over 12,000 – 14,000 s.f., providing shade and rain	Approximately ~~454,000~~ 436,000 s.f. (52.3 % of the Site) devoted to Open Space and Public Access, comprised of 401,000 s.f. of **exterior** space and 35,000 s.f. of **interior** space. It includes plazas, and the historic walks and workspace around the historic piers, and the network of pedestrian paths and plazas throughout the project. Range of open space environments grouped into three major zones: Northeast Wharf Plaza, Sports Valley, and Marine Center. *Elements of Open Space Network:* *Northeast Wharf Plaza* –A larger than required, 4-acre Northeast Wharf Plaza, including approximately 21,000 s.f. BaySteps facing out to Bay, as well as back to the City skyline. (COMPARISON: Park on block bounded by The Embarcadero, and Washington, Drumm and Clay Streets – 3.2 AC.) Two banks of L-shaped steps lead to the water's edge, forming a viewing gallery for a Waterspout Fountain. Approximately 94,000 s.f. of the open plaza is on a platform raised 3 ft. above The Embarcadero, with a bank of steps leading up from The Embarcadero. This ~~plaza~~ platform provides a large and flexible recreation space, designed to be a multipurpose space suitable for a broad range of uses and events including regularly scheduled public festivals for family and individual use. The ~~plaza~~ platform area includes a series of paved and/or grassy play spaces

Uses	Chelsea Piers L.P.	The Mills Corporation
	protection for visitors. *Bay Plaza* – A large ½ acre open space at the tip of Pier 27, with simple landscaping and park furniture to allow visitors to experience the natural beauty, sights and sounds of Bay. *Public Promenades and Walkways* including a continuous PortWalk around perimeter of the piers, as well as walkways along the Piers 27 and 29 sheds in the valley between the two piers. In addition, 4 covered walkways through the pier sheds, including at the mid-points of the Pier 27, 29 and 31 sheds and where Pier 27 meets Pier 29. *Public Viewing Lobbies* ~~Interior Spaces~~—In each recreational facility, spacious lobby viewing areas open to the public. *History Wall* – 600 foot long photographic History Wall with large-scale historic photographs spanning the valley side wall of Pier 27. *Bayside History Walk* – A series of site markers with descriptions of historic building facades and popular landmarks viewable from the site.	supporting programs at the adjacent YMCA. Restaurant terrace located at outer end of new YMCA building adjacent restaurants. *Sports Valley* – [see also Recreational Enterprises above] palm-lined recreational open space between new mixed-use YMCA building and Pier 29 building for sports and exhibit activities and a new view corridor to the Bay. Near the Bay edge, a carillon and demountable, open-sided tent-like pavilion for exhibits. Fisherman's Point, a fishing/viewing platform, cantilevered at the end of Pier 29. *Marine Center* –Approximately 18,000 s.f. Marine Sports Plaza between Piers 29 and 31 with viewing area/amphitheater [distinct from 18,000 s. f. of floating fill indicated in Recreational Boating & Water Use above]. *Promenade* – A cross-axial promenade, spanning the entire project along inner edge of the pier basins linking Marine Center and Northeast Wharf Plaza. Other elements of open space network include a continuous PortWalk around the perimeter of the piers, a 27,000 s.f. entry plaza between The Embarcadero~~,~~ and the YMCA building, and 33,000 s.f. of public passageways through buildings [portion included in *Promenade* above], and 2,000 s.f. of interior lobbies in general office space areas.
Total Permitted Commercial Uses (Including Retail, Office, Museums, Assembly and Entertainment, and Visitor Services Uses [outlined below]) *Permitted Uses*	Total of approximately 99,000 s. f. of interior space for Permitted Commercial Uses, including 68,000 s.f. of commercial space for retail, restaurant, and general office uses, [outlined below) plus a ~~30,000~~31,000 s.f. Event Center [See Assembly and Entertainment below].	Total of approximately ~~434,000~~ 458,000 s.f. of interior space for Permitted Commercial uses, including retail, restaurant, maritime and general office uses, and visitor services [outlined below].
Retail (including restaurants) *Permitted Use*	Total of approximately 34,000 s.f. devoted to Retail (including restaurants). Approximately 17,000 s.f. of food and beverage services, including 3 small to medium sized restaurants located within the complex and food service	Total of approximately ~~182,000~~ 184,000 s.f. of Retail (including restaurants), plus exterior restaurant terrace [see Open Space/Public Access above].. Approximately 55,000 s.f. of food and beverage service, including 4 cafés and

Uses	Chelsea Piers L.P.	The Mills Corporation
	provided at the Field House, the Rinks, the Bay Club, Bowling & Billiards and the Aquatics Center. ~~A small percentage of the Project will be dedicated to retail.~~Approximately 17,000 s.f. of retail uses. Most of the retail space will support the businesses located at the Project and will have either a sports or maritime use. Examples include: skating pro shop, bowling pro shop, and retail space with direct access to the Embarcadero consistent with, and related to, the sport, recreation and maritime uses of the Project.	approximately 6 restaurants. Approximately 129,000 s.f. of sports retail center on the 1st floor of the Pier 29 shed and at the front of the new YMCA building. Proposed anchor tenants for 80% of retail space include: a 35,000 s.f. REI store, and a Bass Pro Shop, but no letter of intent with either tenant. Potential retail tenants for remainder of retail shop space include traditional sports retailers, hybrid sports/recreation venues and other complimentary uses like a New Age books and music boutique, herbalist/health food emporium, sports medicine facility. Other retailers and services include aromatherapy, massage, spa/salon treatments, sports/recreation rental/repair outlets, and specialized sports equipment and clothing shops. ~~Artisans' Gallery for display of developing arts and artisan crafts at end of Pier 29, adjacent to restaurants~~
Office Uses - Maritime and General Permitted Uses	A total of approximately 34,000 s.f. of general and maritime office space for sub-tenants not directly related to administration of on-site recreational operations, although may support or be related to the sports and recreational facilities offered on site. Several office areas ranging in size from 1,000-25,000 s.f. to be developed on mezzanines and in other locations throughout the Site.	A total of approximately 272,000 s.f. of ~~Maritime and General~~ Office Uses ~~programmed at 250,000 s.f. in total~~ provided in upper floors of Pier 29 & 31 buildings and both levels of Piers 29 & 31 Headhouse building. All of this office space is programmed to be sub-leased to operations unrelated to the on-site recreational activities. Projected approximate percentage mix of office users: 20,000-68,000 s.f. of maritime users, 177,000-232,000 of general office users, and 20,000-27,000 of non-profit users. However, developer does not plan to permanently dedicate any of the office space to maritime or non-profit users.
Museums *Permitted Use*	Preliminary discussions have been undertaken with the Museum of the City of San Francisco to establish exhibition or display space at the Project. A variety of museum uses to be explored for various locations	~~[See Retail above.]~~

Uses	Chelsea Piers L.P.	The Mills Corporation
	throughout the Site.	
Assembly and Entertainment *Permitted Use*	*The Event Center* – Approximately ~~30,000~~31,000 s.f. of interior exhibit and banquet space with meeting and reception rooms to accommodate up to 800 for seated events and 1,500 for receptions, plus approximately 4,000 s.f of exterior space.	Marine Center amphitheater – a public performance venue at water's edge seating approximately 250 persons for various public performances [See Open Space above].
Visitor Services *Permitted Use*		In relocated Beltline Railroad Office Building, along with public safety facility and restrooms (approximately 2,000 s.f.)
Parking *Permitted Use*	Approximately 350 short-term parking spaces in the valley between Piers 27 and 29 and within Pier 31. Three vehicular access driveways. Public transit and ride sharing will be encouraged in all Project literature and communications and through an internally developed Transportation Demand Management Program. The San Francisco Bay Club will operate expanded shuttle service downtown and to transit hubs which will be available for all users of project. Community based partners will provide bus/van transportation. Chelsea Piers will provide bus transportation throughout entire City for summer camps.	Approximately 170 parking spaces in tandem arrangement on first level of the Pier 31 building. One vehicular access driveway north of Pier 31. The facility will offer valet, car/vanpool and ride-share components. The San Francisco YMCA will use its existing fleet of 33 vans and 42 buses to provide shuttle service from 9 San Francisco neighborhood YMCA facilities, as well as other Bay Area YMCA facilities.
Artist/Designer Studios and Galleries **Not** a Permitted Use		Artisans' Gallery for display of developing arts and artisan crafts at end of Pier 29, adjacent to restaurants

Rental Proposal

Like the memorandum prepared for the January 9, 2001 Port Commission meeting, the following table shows updated rental proposals; it does not include all elements of the financial proposal.

Developer:	Chelsea Piers L.P.	The Mills Corporation
Guaranteed Base Rent (before Rent Credits from Port)	Year of Operations: Year 1 (Ramp Up Year): $ 500,000 Year 2 (Ramp Up Year): $1,000,000 Years 3-4 (Stabilized): $1,500,000 Subsequent years as adjusted by Base	Year of Operations: Years 1-10: $1,400,000 Subsequent years as adjusted by Base Rent CPI Adjustments to be negotiated (see below).

Developer:	Chelsea Piers L.P.	The Mills Corporation
	Rent CPI Adjustments (see below). Note: Year 1 begins in 2004.	Note: Year 1 begins in 2004
Base Rent Adjustment	Adjusted every two years by the percent change in the Consumer Price Index over that two year period, capped at 3.0% per annum (i.e. maximum of 6% every two years).	No adjustments during first ten years of operation. Increases after 10th year to be negotiated during the exclusive negotiation period.
Initial Percentage Rent	3.5% of Gross Revenues beginning 6th year of operations.	No Percentage Rent during first ten years of operation. Percentage Rent after first ten years of operation to be negotiated during exclusive negotiation period.
Percentage Rent Adjustments	Years 1- 5: N/A Years 6-20: 3.5% Years 21-40: 4.0% Years 41-66: 5.0%	No adjustment to Port's participation in percentage rents during first 10 years of operation. Increases after 10th year to be negotiated.
Rent Adjustments	(See above.)	Developer is willing to negotiate a combination of increased Base Rent and/or percentage rent participation beginning the 10th year of operation and thereafter. The increase in Base Rent and/or percentage rent participation will be subject to the developer achieving a minimum cumulative 14% return on total net project costs. Possible Port participation at 20% (or higher) after cumulative yield thresholds are met. The participation would apply to gross receipts of the developer.
Rent During Construction	$300,000 per year during construction period estimated at 18-24 months ($450,000-600,000).	$720,000 during construction.
Rent Credits from Port	At a minimum, developer is prepared to comply with provisions of RFP regarding Phase I construction of NE Wharf Plaza (amortize the costs of initial improvements to the Northeast Wharf Plaza against 50% of the Base Rent due the Port during the first three years of the lease term); i.e. $1.5 Million rent credit (1/2 of Base Rent during first 3 lease years). Developer believes that for $1.5 Million it can create functional Phase I plaza in conformance with Plan A in its proposal, although it may be insufficient	Maximum costs of open space improvements to the expanded 4-acre Northeast Wharf Plaza of $5,000,000 amortized over the first 7+ years of operations. The $5 Million rent credit allowance for the Northeast Wharf Plaza is budgeted to include: demolition of existing above pier elements; demolition of existing pier structures; demolition of piers for steps to Bay; create new steps to raised plaza; and create new steps at water's edge. Allowance appears to exclude budget for open space and public

Developer:	Chelsea Piers L.P.	The Mills Corporation
	to implement fully complete open space improvements to the Northeast Wharf Plaza.. Developer is willing and prefers to pay for more substantial up-front construction costs of Northeast Wharf Plaza if Port provides an equal amount of rent credits for costs amortized over an agreed upon time period; also willing to discuss other financing options for Northeast Wharf Plaza. While all restrooms will be open to the public, developer would like to pursue creating two dedicated public restrooms. Additional rent credit requested to offset cost of initial construction of potential dedicated public restrooms and related annual operating expenses of these public restrooms (estimated at $200,000 to construct and $40,000-50,000 per year to operate). Note: Rent credits reduce the amount of Base Rent to the Port during the indicated years (from that shown above in the first row of the rental proposal).	access improvements. If the cost of the desired plaza design exceeds $5 Million, the developer anticipates that the City of San Francisco and Port would assist in locating funds through existing programs and direct grants. Developer opposed to a two-phase process; expects the Northeast Wharf Plaza to be completed concurrent with its development project. Note: Rent credits reduce the amount of Base Rent to the Port during the indicated years (from that shown above in the first row of the rental proposal).
Years 1-10 Total Rent to Port	Base Rent: $14,623,800 % Rent: 1,583,500 Sub-Total $16,207,300 Plaza Rent Credits (1,500,000) Sub-Total $14,707,300 Rest room Rent Credits (700,000) Total Rent $14,007,300 Assumes 6% CPI Adjustment to Base Rent every 2 years after stabilization, as described above. Percentage rent based upon revenue projections.	Base Rent: $14,000,000 % Rent 0 Sub-Total $14,000,000 Plaza Rent Credits (5,000,000) Total $9,000,000

Selection Criteria

As stated in the RFP, the Port is seeking a Recreation Project that meets all of the Port's Selection Criteria indicated in the RFP, which are summarized below. The most important criterion in selecting a developer for exclusive negotiations is the Ability, Experience and Past Economic Performance of the respondent (Selection Criterion "A"). All the remaining Selection Criteria (Selection Criteria "B" through "E") are of equal importance and will be considered equally. However, items within each Selection Criterion may be given unequal consideration.

A. Ability, Experience and Past Economic Performance
   1. Ability and experience of developer and development team in successfully developing and operating facilities similar to proposed project
   2. Financial capacity of developer to successfully undertake proposed project

B. Development Concept
   1. Achievement of RFP Planning Objectives
   2. Achievement of RFP Open Space Objectives
   3. Achievement of RFP Design Objectives
   4. Creation of Required and Encouraged Uses, and compliance with use restrictions set forth in RFP

C. Financial Proposal
   1. Achievement of RFP Financial Objectives
   2. Lease Proposal
   3. Construction and development costs

D. Project Feasibility
   1. Evidence of funding availability
   2. Project economics
   3. Guarantee and funding arrangements to ensure timely completion of project
   4. Project schedule
   5. Evidence of concurrence of key subtenants
   6. Risk factors

E. Other Factors

Next Steps

Port staff with the assistance of an independent consultant team led by Bay Area Economics is completing its review and evaluation of the two proposals, utilizing the RFP Selection Criteria summarized above. It is anticipated that the Port Commission will authorize staff to enter into exclusive negotiations with one of the two RFP respondents at the Port Commission's Special Meeting scheduled for April 18, 2001.

Prepared by: Kirk Bennett
Manager, Waterfront Development Projects

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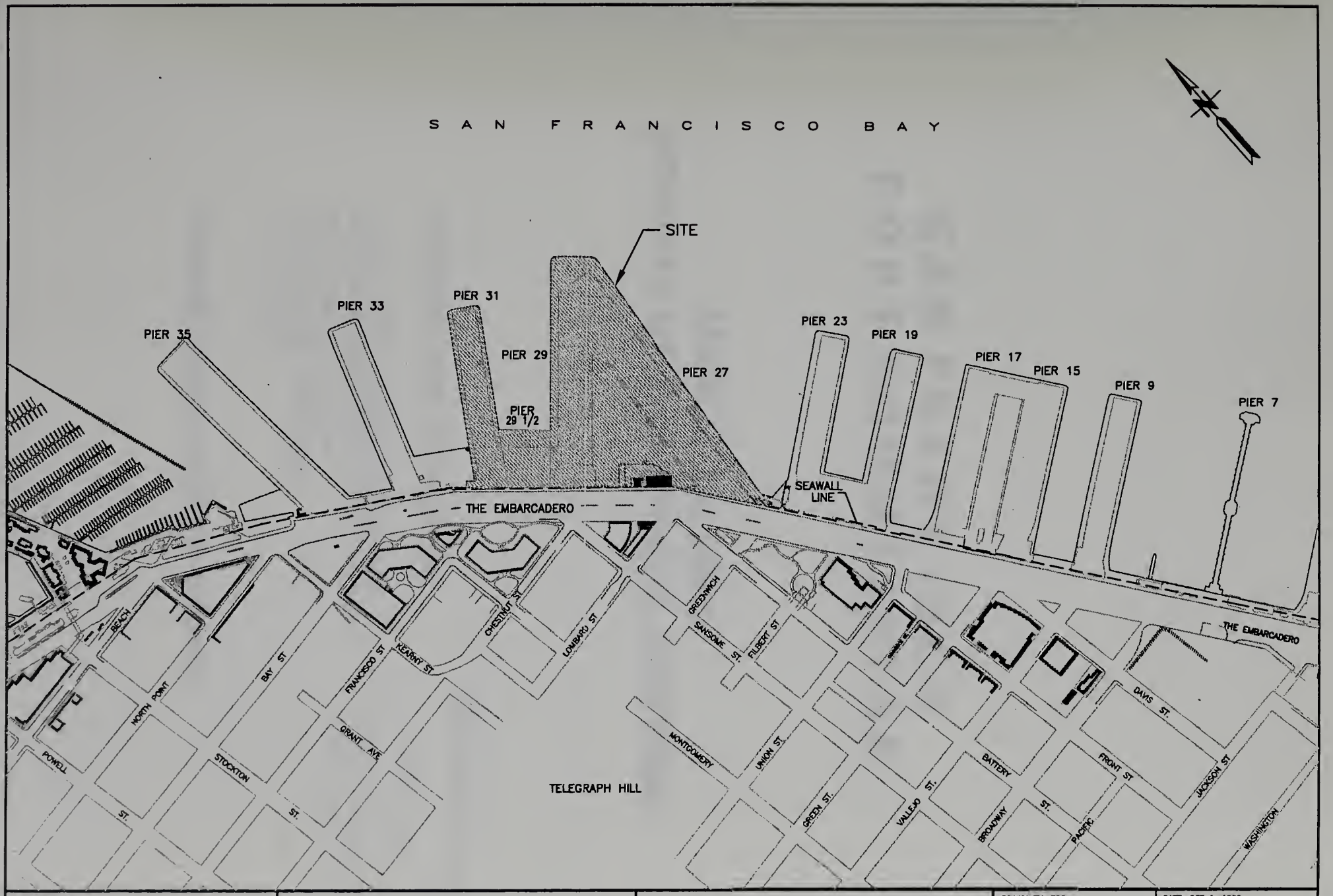

APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ _____ CHIEF HARBOR ENGINEER	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	NORTHEAST WATERFRONT	DRAWN BY: EDC CHECKED BY DRAWING NO. DATE: OCT 1, 1999 SCALE: NONE SHEET NO. OF SHEETS

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SAN FRANCISCO
PORT COMMISSION

MARCH 26, 2001
MINUTES OF THE SPECIAL MEETING

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DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
3:00 P.M., MARCH 26, 2001

1. **ROLL CALL**

Commission President Kimberly Brandon called the meeting to order at 3:02 p.m. The following Commissioners were present: Kimberly Brandon, Brian McWilliams, Denise McCarthy, Michael Hardeman and Pius Lee.

2. **APPROVAL OF MINUTES** - March 13, 2001 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the March 13, 2001 meeting were adopted.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:05 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss anticipated litigation matters pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d). (Two Potential Cases)

- As Defendant: On February 20, 2001, the Port received five bids for the Pier 34 Demolition Project (Port Contract No. 2670). The low bid is within the construction budget but all remaining bids exceed the budget. The low bid is the subject of a bid protest alleging that the bid fails to satisfy the bid requirements, which presents significant exposure of potential litigation.

- As Defendant: Wharf J-3. The Port recently issued a 60-day condemnation notice to tenants at Wharf J-3, stating that the premises are unsafe for occupancy. The need to vacate the premises, and the

respective parties' rights and liabilities under the license agreements presents significant exposure of potential litigation.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Pier 30/32 and SWL 330
Person Negotiating: Port: Anne Cook, Manager, Waterfront Development Projects
*San Francisco Cruise Terminal LLC: Glen Elkington

b. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

c. Property: Pier 96
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Slagcem: Paul Minault

d. Property: Castagnola Restaurant @ Jefferson Street
Person Negotiating: Port: Theresa Picon, Director, Real Estate
*Castagnola Restaurant: General Lolli

e. Property: Various sites along the Embarcadero
Person Negotiating: Port: Byron Rhett, Director of Planning and Development
*J.C. Decaux.: Stephen Whitlock

f. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

g. Property: Jelly's – A Dance Café @ Pier50
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Jelly's – A Dance Café: Clarice Lacau

h. Property: 601 Cesar Chavez Street
Person Negotiating: Port: Theresa Picon, Real Estate Director
*Finer's Diner: Steve Finer, President
*Cliff's Barbecue & Seafood: Clifton Turner, Owner

4. RECONVENE IN OPEN SESSION

At 4:30 p.m., the Commission returned from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

5. EXECUTIVE

A. Executive Director's Report:

- The Port of San Francisco shined at the SF Business Times Real Estate Deals of the Year Award Ceremony on March 22nd. Pacific Bell Park was declared the winner of the Deal of the Year and Community Impact Awards. The Port and AMB Properties were co-winners of the Best Rehabilitation/Renovation Project award for the Pier 1 project.

- Pier 70 RFP: Announcements of the availability of the Pier 70 RFP were mailed March 19, 2001. The notices were sent to over 2,000 names from our mailing lists, including over 200 MBE/WBE firms that could assist with these projects. The Port Commission, Mayor and Pier 70 Advisory Group also received copies of the RFP package. The deadline for proposals is June 26, 2001.

- Steve Coccellato, former Supervisor at the Ironworker Shop, passed away on Friday, March 23. Funeral service is scheduled on Tuesday, March 27 at 10 a.m. at St. Veronica's Church in South San Francisco.

B. Request for approval of Resolution of Appreciation to Robert Tufts. (Resolution No. 01-23)

Diane Oshima, Planning & Development, presented the item and requested Commission's approval. Unfortunately, Bob Tufts couldn't attend the meeting due to a conflict in his schedule.

Commissioner McCarthy stated that a few years ago, a group of 27 San Franciscans were brought together to work on a land use development plan for the properties of the Port of San Francisco. The Mayor, Board of Supervisors and the Port Commission made appointments to the group. It was a very eclectic group to say the least, a group with little in common and much work to do. At the first meeting, she wondered who in the world could steer the committee with a fair yet firm hand, allowing all to have their say but eventually make decisions. That person was Bob Tufts, who for seven years, led the committee toward decision making by consensus that resulted in the Waterfront Land Use Plan. She thanked Bob Tufts for his leadership and years of service to the community.

Commissioner Brandon stated that she served in the same committee with Commissioners McWilliams and McCarthy. Bob Tufts kept the committee focused. He is responsible for the next item on the Commission's agenda as well as the cruise terminal project.
ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 01-23 was adopted.

C. Request for approval of resolution authorizing the Executive Director to apply for, accept and expend up to $400,000 from the Association of Bay Area Governments' San Francisco Bay Trail Project for the Downtown Ferry Terminal Public Pier Project. (Resolution No. 01-21)

Mr. Dan Hodapp, Port Planner, presented the item and requested Commission's approval.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 01-121 was adopted.

6. ENGINEERING & MAINTENANCE

A. Request for authorization to reject all existing bids for Contract No. 2670, "Pier 34 Demolition," and permission to re-advertise for new contract bids. (Resolution No. 01-24).

Ms. Nita Mizushima, Acting Chief Harbor Engineer, presented the item and requested Commission's approval to reject all bids and re-advertise for new contract bids.

Michael Talia, District Manager, San Francisco and Santa Clara Districts for Associated General Contractors of California, reiterated their concerns regarding the Executive Director's discretion to reject all bids. AGC of California views this policy as an economic burden, not only to the contracting community but, to the Port of San Francisco as well, for the following reasons:

- The contractors who bid these contracts expend a great deal of time, energy and resources to put together these bid packages and they are faced with the uncertainty of whether or not the lowest, responsible bidder will even be awarded the contract.
- The Port, through the rejection of all bids policy, faces the added economic cost of re-advertising and soliciting bids for the exact same contract, with the very real possibility that the bids are higher than the original bids submitted.
- The final economic burden is potentially the most critical to the Port. The contracting community, as a result of this policy, may altogether refuse to compete in this bidding process for the Port of San Francisco contracts, thus shrinking the contractor pool and seriously raising the potential costs to have these projects/contracts completed.

He indicated that the Port Commission is well aware of the limited number of qualified and responsible marine contractors that have performed work for the Port of San Francisco. This policy of refusing all bids continues to alienate this small group of contractors. AGC of California has a solid working liaison committee with the engineering and construction staff of the Port of San Francisco. This committee promotes the sharing of industry knowledge and increases the lines of communication between contractors and Port staff. The AGC of California would welcome the opportunity to work with the Port Commission to address this economically burdensome policy of rejecting all bids and come to a more mutually beneficial policy that alleviates the economic burden to all parties.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 01-24 was adopted.

7. PLANNING & DEVELOPMENT

A. Request for approval of locations for an Automatic Public Toilet and Public Service Kiosks by JCDecaux San Francisco, Inc. along the Embarcadero between Bay Street and Second Street. (Resolution No. 01-22)

Kari Kilstrom, Port Planner, presented the item and requested Commission's approval.

Ms. Amy Neches, Redevelopment Agency, indicated that the Redevelopment Agency (RDA) and the Port have been working very hard toward the development of Rincon Park for several years. The park would be a wonderful feature for the waterfront and the public. Under the RDA's agreement with the Port, the RDA would be responsible for maintaining the park for a period of 65 years. Based on their experience in other park maintenance, particularly Yerba Buena Gardens, they have a clear understanding of how to maintain a park and what makes for a successful maintenance operations. They believe it is difficult in a park of this scale to maintain a freestanding public restroom. They were able to maintain the restrooms at Yerba Buena Garden because there was a full-time staff at Yerba Buena Gardens at all times. If a freestanding public restroom in a park is not staffed full time, it becomes unmaintained and becomes an eyesore. They don't believe that would be a good approach for Rincon Park; it is too small a park to support the budget that will allow the level of staffing that would be required to properly maintain a freestanding restroom. After a great deal of analysis with Port staff and in consultation with the community, they believe that the Decaux restroom is the best approach for providing a public facility in Rincon Park that would be safe, secure, clean and well maintained over the long term. Along with the benefit of the restroom is the burden of the kiosks. Nobody wants kiosks in their neighborhood. Advertising kiosks are reasonably attractive and well maintained by Decaux. They are clean and don't get covered with graffiti and they have become a normal part of San Francisco's streetscape. Union Square and Market Street have kiosks. Both Port & RDA staffs have worked very hard to satisfy everybody's concerns.

The CAC discussed this extensively and not without controversy. At the February 12 meeting, the CAC collectively took a position, which was memorialize in the letter addressed to Director Wong from Rick Dickerson, endorsing five of the six locations. The CAC has a strong preference shared by the Agency to not approve the last kiosk near the ILWU building, the only kiosk on the waterside of the Embarcadero. It is in a park-like setting at the edge of South Beach Park, close of the ballpark. They have maintained a non-commercial environment around the ballpark as they have been very restrictive with the Giants about advertising outside of the ballpark. It would be inappropriate to put up advertising of another type this close to the ballpark. They believe the other five locations are appropriate. The South Beach community recognizes the fact that with the benefit of the toilet comes the burden of the kiosks.

Ellie Hoffnagel, Jewish Community Federation Building, read a letter from their

president John Goldman. The letter states... "It has been brought to my attention that the Port of San Francisco is considering having a kiosk placed on the Embarcadero near Mission Street. This kiosk, as I understand it, is to be 14 feet high and would sit between the Jewish Community Federation Building and its neighboring building. I am writing to advise you that we are opposed to the placement of the kiosk so close to our building. The Jewish Community Federation has a long-standing policy of opposition to any kind of structure, be it a statue or a kiosk, that can potentially hide a person or object. We must continually be vigilant in our lessening of any potential threats to the security of our building and its inhabitants. We work very closely with the San Francisco Police Department to ensure that potential risks to the safety and well being of those in and around our building are avoided. We see the proposed placement of the kiosk as increasing our security risk. However, we would be delighted to discuss alternatives that avoid these risks."

Ms. Hoffnagel indicated that they work very closely with the Police Department but unfortunately there are many anti-Semitic acts. They see the kiosk as something that can hide a potential object or person and threaten security on the street.

Judith Patterson, CAC Rincon Hill and lives in Hills Plaza, indicated that she represents part of the neighborhood that is trying to develop a residential feeling as well as maintain a waterfront. She is opposed to the kiosk that is in front of their building and all of them along the waterfront because they add advertisement in the neighborhood. The point that was brought up about safety is an issue. They are trying to maintain a sense of neighborhood, create something that is not commercial and leave the waterfront pristine so that they can walk up and down without feeling like being bombarded by advertisers. She asked if there is a way to have the restroom without the kiosk. The whole issue should be revisited due to the controversy of the locations for the kiosks.

Louise Bird, South Park resident, indicated that many years ago, they collaborated with the Planning Department to create a Special Use District. One of the issues they spoke about and rules made with the Planning Department was not to have advertising in the area. Working with the Rincon Point South Beach Redevelopment Agency, they compromised by allowing advertisement on the Muni line. The design was such that it was not too obtrusive. Since collaborating with the Planning Department, they had hoped that they wouldn't see anymore advertising in the area. Now Decaux has added an extra kiosk to the detriment of the neighborhood. Advertising on the pristine waterfront would be obvious because the only decorations in the area are informational and historic markers. The idea of putting advertisement would completely change the feel and look of the waterfront. She asked the Commission to consider other options.

Jeff Leibovitz, member of the Rincon Point South Beach CAC, indicated that San Francisco has a magnificent and pristine waterfront. The only advertisement along the waterfront is located on the sides of the building, which is considered illegal and the Board of Supervisors are looking into this matter. The CAC has been dealing with this issue and knows the importance of having a restroom at the park. Until the negotiations have concluded and the restaurants are formalized, he asked that the Commission table this item and give it further consideration. He suggested

incorporating a design into the restaurants and capturing some of the restaurant's revenues to pay for the maintenance of the restroom. The restroom at South Beach Marina Harbor is paid for through the agency, through revenues generated from the berths. He asked the Commission to give this matter further consideration.

Jack Bair, SF Giants, indicated that he sympathize with the problem the Port has regarding the restroom facility. He was concerned about the kiosk located close to the ballpark and not the advertising component. He was concerned about the sidewalk width since more people are coming to the games. The project manager informed them that they would ensure that the sidewalk width is not cut in half and the kiosk does not displace the sidewalks such that it impacts the egress and ingress to the ballpark. If that would be the case, they have no objection to the kiosk being in that general area.

Bill Kedem, representing himself as well as some neighbors at 101 Lombard, indicated that he is opposed to this particular project. The neighbors have not been notified of the kiosk at the corner of Bay and Embarcadero. He suggested that there should be a public notification procedure on such projects. He affirmed the comments of the previous speakers who are opposed to the kiosks in principal. He believed that the kiosks could be financed more successfully on their own through the City if they have to put up with four to five kiosks for one toilet.

Commissioner Hardeman concurred with some of the speakers. He requested that the item be tabled to the next meeting until the issues are addressed.

Commissioner Brandon asked how close the harbor is to the park. Amy Neches pointed out the location of the Rincon Park and South Beach Harbor. She added that there is no physical relation between Rincon Park and South Beach. South Beach Harbor revenues are pledged to repay the bonds for South Beach Harbor and to help pay for the operation. Revenues from South Beach Harbor are pledged fully to the bondholders and to the operations.

Commissioner Brandon asked about the kiosk that Jack Bair referred to. Ms. Neches replied that the kiosk Mr. Bair referred to is not included in the resolution that is in front of the Commission. It was not included in the resolution, in part on the recommendation of the CAC which preferred that one not be included because of its placement near the ballpark and at the edge of South Beach Park.

Commissioner Brandon asked about the kiosk at Bay Street and inquired if the residents were notified. Ms. Kilstrom replied that this is a kiosk whose permanent home is in the middle of Embarcadero at Harry Bridges Plaza. Now that construction is complete, it can be placed back in that location. To implement the Rincon Park and provide a public restroom, at least five kiosk locations need to be identified. Since the kiosk is already in that location and is not a problem, staff is proposing that it become a permanent location. Residents within a 150 feet of the location were notified by certified mail, which is part of the contract with Decaux that provides for that kind of notification.

Commissioner Brandon asked if the South Beach CAC took a vote on this item. Ms. Neches replied that they used a consensus process on this item. The vote was not

unanimous but it was the overall consensus of the group. Their views are reflected in the letter sent to the executive director by the chair of the committee. An overwhelming majority of the group is in approval of this item.

In response to Commissioner McCarthy's inquiry about the nearest public restroom facility from Rincon Park, Ms. Kilstrom replied that a Decaux restroom is located at Pier 7.

Commissioner McCarthy asked if public restroom facilities are part of the long-range planning of the waterfront in terms of their location and proximity to one another. Ms. Kilstrom replied that they are being incorporated in projects where they seem appropriate. Since this project is a public park near downtown, it is expected that it would be heavily used and it's a desirable part of the program to have a public restroom.

Commissioner McCarthy indicated that since the restaurant project has slowed down, she asked if this item can be reconsidered at a later time to address some of the issues that were raised by the public. Ms. Kilstrom replied that the Rincon restaurant lease was approved by the Port and subsequently approved by the Board of Supervisors. Although there has been a recent hiccup in the financial markets, the restaurant operator and investors are enthusiastic and looking forward with the project. A freestanding facility would be a challenge to maintain on a daily basis in a manner that doesn't become blight or a detriment to the park.

Commissioner McCarthy asked about the contract with Decaux i.e. if Decaux agreed to put a restroom in the park, would the five kiosks have to be within a certain area. Ms. Kilstrom replied that the kiosks have to be somewhere on Port property because the toilet is on Port property. They looked at the area that benefits from the restroom as the general area for placing the kiosks.

Commissioner Lee asked about the cost to use the facility and whether Decaux has the right to increase the charges. Ms. Kilstrom replied that the fee is 25 cents. The term of the Decaux's contract with the City is 20 years with an option for renewal. The fee; however, remains the same.

Commissioner McWilliams offered an amendment to the resolution i.e. that the Commission concur with the first resolved and in light of the public comment, revisit the placement and use of kiosk and ask staff to bring a recommendation at the next meeting. The toilet is important and is needed badly. If it is an option for the Port to outright pay for the toilet or if there are some alternative location of the kiosks that the Port can consider, staff should come back with a recommendation. The Commission should go on record in support of the toilet.

Ms. Kilstrom indicated that the City's contract with Decaux does not provide an option to purchase a Decaux toilet in San Francisco. Decaux's contract provides for the installation and maintenance of the toilets in exchange for advertising or public kiosks.

Commissioner McWilliams made an amendment that the Commission concur with the

first resolved and in light of the public comment, revisit the placement of the kiosks through a staff recommendation that could be considered at the next meeting.

Ms. Kilstrom stated that the Gap has obtained its BCDC permit. The second round of construction drawings have been reviewed and it's close to receiving a building permit and starting construction. This is one of the final hurdles to move forward with the park project.

Commissioner Brandon asked if the park is going to be built regardless if the restaurant is ready to be built. Ms. Kilstrom replied to the affirmative. Commissioner Brandon reiterated Commissioner McWilliams amendment i.e. the Port accepts the toilet and commits to the five kiosks on the waterfront but will decide on the location for the kiosks at a later time.

ACTION: Commissioner McWilliams moved approval of the resolution as amended; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 01-22 was adopted.

B. Informational presentation on the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located on The Embarcadero between Greenwich and Bay Streets.

Kirk Bennett, Planning & Development, presented the item. He also noted that in response to one of Port staff's question to Mills Corporation, Mills offered a specific proposal for adjustment of their percentage rent. He clarified that on page 11 of the staff report, it should read that the 10th year the cost of living increase and the base rent would go into effect with the base year being the first year the project opens with annual cost of living thereafter. Port staff and its consultant team led by Bay Area Economics are completing their review and evaluations of these two proposals based upon the updated proposals as indicated in the memorandum. It is anticipated that the Port Commission would enter into exclusive negotiations with one of the two respondents at the Port Commission's special meeting of April 18.

Martie Bolsinger commented that she has been representing the YMCA/Mills proposal as the CEO of the YMCA of San Francisco. One of the fascinating things to her about this organization is that she spent the first 15 years of her time with the YMCA's indirect program. She was not a YMCA kid nor has she ever been at the YMCA. Until she started working for the organization, she only knew very little about it. She is still in awe, after almost 28 years, of the impact this organization has on communities, families and children. As they move forward, she believes that this opportunity for Piers 27-31, San Francisco has once-in-a-lifetime opportunity to expand affordable recreation to the waterfront. She represents 62,000 San Franciscans who participate in YMCA activities throughout the City and who needs affordable recreation. On behalf of those 62,000 San Franciscans and on behalf of all San Franciscans who cannot afford luxury recreational facilities, she asked for the Commission's help. The YMCA is all about delivering recreation that is affordable and accessible to everyone. They can be judged on their track record. They have been serving San Franciscans almost 150 years. They are dedicated to opening their doors to everyone who wants to use their services. The new YMCA at the waterfront will have 300,000 s.f. of

indoor/outdoor recreational space for young people, teens, families, seniors and people with disabilities. There will be waterfront activities that include kayaking and sailing, a nearly one acre skateboard park that serves the highly skilled as well as the novice, a BMX track for all ages and all skill levels; a high adventure center that includes a high ropes course and a climbing wall for all skill levels; three sport courts that will be used for volleyball, basketball, speed soccer and gymnastics among other sports and abundance of outdoor sporting activities such as field hockey and lacrosse. They will continue and expand their youth and adult league opportunities. These leagues are for everyone to participate; they are not dependent on sponsorships. An aquatic center with two pools, one especially designed for those more interactive family activities, a senior center for active social and educational opportunities for all of San Francisco's older adults. A fitness center for both teens and adults, that is part of the basic YMCA program that offers conditioning, nutrition, cardiovascular, stress reduction education and training and a fully staffed child watch center and a computer learning center for all age groups. All of these are affordable.

As part of their response to questions posed by the Port staff, they have submitted a full rundown on what they will charge for all their programs. It will be exactly the same affordable price structure that exists on all of their nine facilities in San Francisco. In addition, they have publicly committed to providing financial assistance at the new YMCA at the same level as they do at the other branches. Last year, they provided $1.6 million financial assistance which turns into 48% of their children that are involved in YMCA programs receive some sort of assistance at some level. Some of the comments of the community meetings questioned the YMCA's capacity to raise the money to be able to provide this facility. Over the last ten years, the YMCA has raised tens of millions of dollars for all different kinds of capital and program needs. They are confident that they will be able to raise the facility as well. More than 4500 San Franciscans have sent postcards to the Port asking for affordable recreation. Larry, a YMCA member, brought samples of over 3000 of the postcards from people in support of a YMCA on the waterfront.

In closing, she quoted a copy of a letter that a participant sent to the Commission. It states... "The YMCA proposal sounds like a dream come true for much of the youth of San Francisco. The people I'd like to see at the new development on the waterfront are the type of people that come to the YMCA. Please support this wonderful organization and help to create a waterfront that the whole City can enjoy and be proud of." Ms. Bolsinger thanked all the people from YMCA for their support and coming to the meetings.

David D'Onofrio, Mills Corporation, indicated that Mills Corporation is very excited about this prospect and their partnership with YMCA. This is a great chance for the City of San Francisco to make a lasting decision on affordable recreation at the waterfront. The Commission has been presented a number of reports in the last couple of days but in some ways very incomplete. Mills corporation is a public company and YMCA has been in San Francisco for 150 years. They have presented what they are going to do and their word is very strong. Their commitment to the Port will be kept. They are an open book with no secrets. What you see is what you get from Mills and YMCA. No fair comparison could be made between the two projects until Chelsea Piers and the Bay Club tell the Port exactly how much they are going to charge

admission at Piers 27-31. Any fair analysis will show that either they will charge so much that it will exceed the affordability requirement at the Port or they may require a bailout just like they did in New York City. This fundamental issue has not been addressed through many reports. Until that is done, there is no level playing field or no fair comparison between the YMCA/Mills and the Chelsea Piers/Bay Club proposals. There are other problems with those reports but the bottom line is affordability and stability. One of the issues that Martie Bolsinger's mentioned was about the YMCA's ability to raise the capital needed for their building with the removal of Pier 27. They are confident YMCA's ability to raise the money. They have raised tens of millions over the last several years. In the unlikely event that there is a shortcoming in YMCA's endeavor, Mills will advance YMCA the money to ensure that affordability is maintained at Piers 27-31 and that the entire project is open on day 1. Mills/YMCA proposal for Piers 27-31 will be open to every single San Franciscan, from every level, from every neighborhood and from every economic level.

Tom Bernstein, President of Chelsea Piers, indicated that they have been working on this project for several years. He thanked the Commission and staff for their time and energy. The process has been spirited, demanding, healthy and productive. If Chelsea Piers is selected to do the project, he pledged to the Commission and the City the same enthusiasm, commitment and dedication to excellence that they have brought to everything they have done in the sports area in the last ten years. At the end of the day, they are aware of the fact that they will be judged not only by the quality of the rehabilitation of the piers but first and foremost by the excellence and quality of the teaching, programming that they provide for the kids and families in San Francisco. Contrary to what has been suggested, they are accessible and affordable. They have submitted to staff all of the pricing that they will have in San Francisco, all of the pricing that they have in New York. They will not have the kind of success they have in New York if they did not have affordable pricing. They have several scholarship funds and make a great effort to reach out to the community and to all the schools. If you visit and look carefully at what they have done in another City, the Commission will know what they will do for the City. He added that there was no bailout of Chelsea Piers in New York. If that was the case, they would not be here today. There was a short 20-year lease at the beginning of the project. The only discussion they had earlier on was to extend their lease. The Chelsea Piers in New York has been held as a model of public/private partnership that's why the Port received letters from the Mayor, the Governor, the Senator, the head of MTA.

The RFP that the Port prepared is comprehensive, thorough, a first rate road map. They treated it as a scripture and tried to respond very precisely to it. They believe they have the vision, the plan and most of all, the experience to make this a great success. This is what they have done for the last ten years, this is their full time occupation, this is their love and this is their passion. They believe that the RFP calls quite specifically for a recreation project. This is a sports complex and open space that will complement and not compete with other things on the waterfront. At the end of the day, if they are given the opportunity to do this, they will leave San Francisco with a world-class waterfront, second to none, not only in the country but the world. They are gratified that as they have labored the past months, a number of key players in the process have come out and endorsed their vision and plan. First and foremost is the Northeast Waterfront Advisory Group. In addition, many civic and business groups

have come to support their plan and their vision such as: San Francisco Beautiful, the North Beach Neighbors Association, Delancey Street and Mimi Silbert, San Francisco Giants, Pier 39 Management, Ghirardelli Square Management, Red & White Fleet, Black Chamber of Commerce and Boys & Girls Club of San Francisco. Amateur organizations that know the work they have done have also blessed their efforts: USA Gymnastics, USA Hockey, the Women's Sports Foundation and the San Francisco Brown Bombers. As the Port investigate them and visit them, what you find out is what they do and what they are best at is sports, and more sports, recreation and programming.

Tom Bernstein talked about what the RFP, in their view, does not call for i.e. a major office and retail space. When we hear about Mills proposal, we don't hear about office and retail. We hear about the YMCA. The YMCA in this City and across the country is a fine institution. There are a number of YMCAs already existing in New York that is not Mills proposal. Mills proposal is for massive office and retail space – 450,000 feet. In simple terms, that's the dog and YMCA is the tail. It is a small part of a big office and retail space. In the Mills project, the office space calls for 270,000 s.f., roughly the size of the office space at One Market. Pam Duffy, their legal counsel, wrote a memorandum to the Commission suggesting that under the public trust doctrine established by the State Lands Commission, it is very questionable whether or not such massive office space can be built on the waterfront. This is an important consideration. The retail component is also extremely large, 180,000 s.f., the size of Pier 39. It's big box retail with two retailers, Bass and REI. It's also made clear that there are no letters of intent and you don't know what kind of retail you will end up with except that you will end up with a lot of retail. There are also four cafes and six restaurants in the Mills Corporation which would be extremely competitive with an already competitive environment. There's also a large public plaza and according to what they have shown in detail, the Mills proposal calls for $5 million rent credit; that credit is primarily for the demolition of the area to make the plaza including Pier 27. In their view, Pier 27 is the crown jewel; it's the vast open space that makes the whole thing possible. It was Pier 27 that made Chelsea Piers think that this could be a viable and wonderful project.

YMCA is wonderful but it is a small part of the proposal. Martie Bolsinger mentioned 300,000 feet of recreation space. The staff's new report says it's 199,000 s.f. Martie also mentioned that funding is not a problem. To build a $30-40 million building with funds that have to be raised is a huge undertaking. According to early literature that the YMCA issued, since 1997 they have raised $10 million of the $15 million capital plan. In their minds, that raises the question that if indeed they have the office and retail complex, then they are dependent for the recreation component on the YMCA and the YMCA is unable to raise that amount of money and raise it immediately because they have to start construction, what do they have? They don't even have a recreation component to the complex which would not serve other people well.

In closing, Mr. Bernstein referred to the RFP and to the vision. As everyone has read the March 11th S.F. Chronicle editorial which commended the Port saying that it has a great vision and the way it described that vision was "...sports complex, an open spacc as a way to bring vitality to the waterfront." It further states that "San Francisco needs this recreation space desperately." Chelsea Piers agreed with all of that. The San

Francisco Chronicle editorial board visited the piers in New York and then wrote that "...only the Chelsea Piers can fulfill that vision. It is a waterfront winner." He pledged to the Commission that if they are given the opportunity to build the sports complex, they would not let the Commission down. They will do it in a first-class, excellent way. It will be something that this City will be proud of and it will be a waterfront winner.

Dean Macris, former head of City Planning, commented that he has been involved in land use planning for 35 years. One of the reasons he asked to be a participant with the Chelsea Piers is that he strongly feels that major office space on the waterfront is an inappropriate land use for the waterfront. They have fought for years to keep the core office space of San Francisco in a walkable square mile centered in our financial core down to the Transbay terminal. General office space on the waterfront has been discouraged for years. There is only one significant reason to put general office space on the waterfront and that is because there is no other way to save a historic pier. That condition does not exist here. He does not believe that the Trust can approve this project. There is a valid alternative in the Chelsea Piers to restore Piers 27-31 to sports and recreation uses. He does not see how the Trust can do it. It is important for the Commission to think about the context and the public policy involved in this decision. The 400,000 s.f. for retail and office brings office and retail in the northern waterfront another notch down towards the Ferry Building. That is inappropriate; it's time to ensure that some of the piers at these locations are totally given to the uses of San Franciscans and to people who live in the Bay Area. Chelsea Piers does that. He also feels strongly that the Commission need to give major consideration to the other investments along the waterfront. The Ferry Building will have retail; Piers 30-32 is now a major complex for retail and other functions. Let's not make the mistake of increasing office space on a waterfront. It would be a major building of office space on the waterfront. The office situation in San Francisco is entirely flexible and there is no need to introduce a brand new land use function on the waterfront when there is plenty of opportunity under the City's general plan and the Z-3 zoning district of the City to provide office where it belongs and that is in the San Francisco core. Keep in mind that office land use has been a political debate in this City for years. There is no use introducing that debate on the waterfront when there is a valid alternative that makes these three piers work so well.

Pam Duffy, Coblentz, Patch, Duffy & Bass representing Chelsea Piers, confirmed that the Commission received a copy of their submission of March 3rd laying forth their analysis about the public trust issues presented by the Mills proposal. It is their legal conclusion that it is completely vile to public trust and could not be approved. They are unable to unearth any rationale by which it could be approved. It has none of the components of the carefully crafted doctrine the Port worked out with State Lands over the last decade. She indicated that this is a proposal that is simply not acceptable.

Commissioner Brandon asked if the Bay Club is still a part of their proposal. Mr. Bernstein replied to the affirmative.

David D'Onofrio indicated that the reason is clear why there needs to be some office and some retail. The recreational retail is purely complementary to the recreational aspects at the YMCA and the waterfront. The Bass store will give people the

opportunity who are open to fresh water fishing. The REI store will offer outdoor equipment.. They have received letter of interests, which the Port required in the RFP. Regardless of the reason those components are there, the Port asked for a mixed-use recreational project in the RFP. Without that mixed-use, you cannot make the recreational affordable. There is no possible way to make the recreation affordable on a simple-fee-for-service matter. That is why Mills in looking at the Port's RFP, has included both office and retail.

Martie Bolsinger, YMCA, commented that what this is all about is responding to the part of the RFP in particular that talked about affordable recreation. They looked at how they can make it affordable forever. Because of the partnership between the Mills Corporation and YMCA, that will ensure that this recreational waterfront will be affordable forever because it's what makes the economics work. They still have not seen what Chelsea Piers is going to charge for their recreational component. They know that if they are working with Mills they would be able to make it affordable for the life of the facility.

Bill Kedem representing himself and neighborhood residents immediately adjacent to the Pier 27-31 project. He submitted a copy of his letter to the Commission and read it for the record. It states "It's been noted that the Port of San Francisco is positively addressing certain suggestions and concerns communicated by local residents during the past two months. We are grateful for your assistance to date and many of us are eager to enjoy new, waterfront projects which effectively improve our neighborhood's and the public's quality of life. Please find attached a copy of the undersigned's March 14, 2001 communication to NEWAG. We understand the Port Commission has received similar letter of concern dated March 22, 2001 from the Telegraph Hill Dwellers. A copy is attached to this letter.

Northeast Waterfront Residents (NEWR) would appreciate the Port's favorable action regarding these communications. We understand the Port Commission's meeting minutes will record receipt of these communications as well as this letter.

Partial highlights of NEWR's present concerns and suggestions are as follows:

1. Many NEWRs have sent communications direct to the Port, the City and the media regarding certain Port related activities. The frequency of such communications will increase due to public interest from a broader base of neighbors and local organizations. All of us will be grateful for the Port's appropriately formal responses to the public's communications.
2. Regarding Piers 27-31, and based on two Bay Area Economics (BAE) reports dated March 20, 2001 as well as Mr. Douglas Wong's March 23, 2001 memorandum to the Port Commission, the following has been clearly noted by the undersigned and many NEWRs:
    a. Significant economic, traffic and environmental difficulties are posed by both developers' proposals." ... Bill Kedem

Dan Miller, resident of San Francisco and employee of Western Athletic Club & SF Bay Club, indicated that the Bay Club has a world-wide reputation for training and developing fitness leaders and world-class facilities as evidenced by their Pacific Athletic Club in San Mateo. For 24 years, the San Francisco Bay Club and the

Western Athletic Clubs have been an exemplary corporate resident of San Francisco. Their community involvement involves the Marina Middle School and the San Francisco Boys & Girls Club, to name a few. It's in poor business planning to set up a facility like the YMCA which does wonderful programs but to put the YMCA across from the club that already exists will negatively impact both clubs. It would not be in the best business interest of the YMCA, the Bay Club or the City. The issue has been raised about the ability of the YMCA to generate the $25-35 million for their facility and how it will impact their original intent in their other facilities. The Mills Corporation does malls very well. As stated, do we need 450,000 s.f. of a mall on the waterfront. How would that benefit the residents of San Francisco? It's been demonstrated that Chelsea Piers has developed a world-class facility on the New York waterfront. Even Mayor Brown said how beautiful it was when he visited it. He asked the Commission to look at the Pacific Athletic Clubs and the Chelsea Piers development to develop and bring a world-class facility for the residents and for fitness facility that will be a landmark worldwide as opposed to a mall.

Jaye Flynn, Director of Operations at San Francisco Bay Club and Marin County resident, indicated that part of the RFP suggested that it's going to be a facility and development that will attract people from all around the Bay Area. This is the kind of proposal that you will attract people from the South Bay, North Bay and from the City of San Francisco. The Chelsea Piers project has so much more dedicated space for recreation. If the intent of this Commission is to develop something that is going to tie the waterfront together and maximize the usage of recreational space, there is no doubt that the Chelsea proposal is exactly that. She has friends in New York and have seen the Chelsea project come to fruition and use it on a regular basis. They are passionate about it in New York; it is affordable and would like to see that in San Francisco.

Jack Bair, San Francisco Giants and representing Chelsea Piers , indicated that from a public policy standpoint, the Commission has a very important decision because of the two different projects. They both have recreational components. However, Chelsea is the real McCoy. It has virtually all recreation components; the other project has a very large office and retail component. The retail component is the same size as Pier 39 and the office component is a large downtown office building. It's just not the YMCA versus Chelsea. It's the YMCA, a large downtown office building laid on its side and a large retail development. It will have an impact on the other Port tenants from the northeast waterfront that have restaurants and have retail outlets that pay percentage rent; that will impact what comes to the Port. The Chelsea Piers project proposes to pay more rent. While it does not impact the neighborhood in the same way, it pays more rent and it does not do the negative impact on the financial bottom line for the Port as well. It's important to think of a lot of public policy issues that are raised by this. Given the recent history with the Board elections and everything else, the receptivity to large office and retail to this location is questionable and it's questionable with respect to whether it can be approved. Given the fact that the neighborhood through the Northeast Waterfront Advisory Group and all the public planning that's gone on, it would be a shame to put to waste and you have to start all over again by picking a project that could not actually be developed. It's important to note that the community group that shaped the RFP which is the Commission's representatives in the neighborhood voted 7-0 to endorse the Chelsea Piers project.

David Chan, member of the North Beach Neighbors Association, indicated that members of the North Beach Neighbors attended the presentation by Mills and Chelsea Piers at a hall in North Beach. They held a meeting and met and discussed the merits of the project. Their main concern regarding Mills is the large amount of office space as proposed and stated in their brochure. The waterfront should not be developed for this use. The like the Chelsea Piers project for the waterfront. This is a chance for San Francisco to have a comprehensive sport and recreational facility. Chelsea Piers is the ideal project meeting the mission statement called for in the RFP. He hoped that the Commission makes the right decision that is best for San Francisco.

Nestor Fernandez, General Manager of the Bay Club, indicated that not only has he gone to school in San Francisco, but he was a teacher, and a coach as well. That's why he's currently at the San Francisco Bay Club and is very passionate about sports and recreation. Today, the Park & Rec cannot serve the adults and kids of San Francisco. He believes that the Chelsea Piers project will add many valuable venues to San Francisco. The RFP asked for the developers to deliver sports and recreation to the people of the city. He hoped that the Commission review the bids on their ability to live up to the goals stated in the RFP because the Commission's decision will not only affect the people in the room today but it will affect their kids and generations for a very long time. He believed that the Chelsea Piers proposal best addresses the letter and spirit of the RFP as well addressing the needs of San Franciscans.

Zach Phillips, President of the Roller Soccer International Federation, indicated that Chelsea Piers would be great for their sport. It would also be great for all kinds of other recreation. The RFP states that we need recreation. There are already nine YMCA's in the City. The YMCA is great; they have done programs for the YMCA and they will do some more this summer but they still don't have the facilities. Chelsea Piers would have facilities to host it. YMCA also have tons of office and retail space, which we don't need any more of. The city does not have a huge, world-class multi-sport recreational facility which Chelsea Piers proposes and he supports. YMCA talks about Mills being a guaranteed economic engine to make sure that the project stays viable. He does not think that is a guarantee with the economy the way it is and with the fact that it will be cannibalizing other office and retail space in the area.

Sarah Fitch, North Beach Resident, indicated that over the years, she has seen a diminishing number of available indoor and outdoor facilities. It's clear this boils down to a matter of whether the project is affordable and what kinds of sports facilities are provided. The Commission has access to economic analysis that can answer that question. If the answer is you need another Pier 39 and a bunch of office spaces to make it viable, then it does not work; it's too big or it shouldn't happen but if it can be done as a sports facility without much retail and office space, that would be a Chelsea Piers project.

David Miles, President of the California Outdoor RollerSkating Association, indicated that since this has been going on, he's looked at the details of what's been proposed. He's sure that all the entities, the Mills Corporation & the YMCA, have the best interest. He will depend on the Commission to really dive into the details. He reminded the audience of the luxury box situation. He was sure it was discussed but now the Commission will have to revisit the situation. He does not want that to happen

to this project. Both groups are competent. The YMCA and the Boys & Girls Club are two groups he supports. He is trying to choose which side to support based on the information provided. He will analyze the information and look at the total amount of space geared towards recreational uses. Pier 27 is the perfect location and to have that torn down is a misuse of facility because the pier provides something that would make this a wonderful project. The Chelsea Piers project gives the City the best option. He will depend on the Commission to go through the details and the research. He supports the Chelsea Piers project based on what they have provided and shown thus far.

Jim Gerber, co-founder and president of the San Francisco Bay Club, indicated that if they are chosen to be involved in the project, they will move their existing club directly onto the pier and they will have a mature, viable business on the first day. The Commission should visit the Mills Corporation web page. Their website reveals exactly what they do which is retail, entertainment shopping centers. They attracted 260,000 visitors over a 3-day period. The YMCA is a tax-exempt fitness company. Their executive director stated that the YMCA spent $1.6 million in the community last year. It sounds impressive until you realized that they grossed $42 million, which means they only spent 4% of their gross revenues in the community. There are companies inside San Francisco that after tax, contribute more than 4% of their gross revenues; they are one of them. There are YMCAs in Pennsylvania, Illinois and Portland who have given more than this YMCA and have lost their tax exempt status for not giving enough back to the community. Tax paid is the key here and they have to give more, at least ten times more than they are giving now. The Embarcadero Young Men Christian Association does not allow young men or women use of the club before 9, from 11-1 and after 5 on any weekday, except Fridays when the yuppies go home. The yuppies are there in the morning and after 5 working out that's why the kids cannot use the place

Grace Ryan, Northeast Waterfront Resident, indicated that after listening to all of the comments, there are promoters and supporters and detractors of both projects. She did not lobby for one project or the other but to impress upon the Commission the gravity of the decision they are making. The Commission's job is to try to build a unified port that is the legacy of the City not only for the San Franciscans of today but of tomorrow. In the information that she has been able to acquire so far, it seems to her that there has not been any or at least sufficient information provided regarding the environmental impact and how the addition of these projects are going to affect and be controlled in the neighborhood. The success of the project is dependent upon having an infrastructure that can support it.

Ranon Ross, SF Brown Bombers Football Club, indicated that he grew up in San Francisco and he's had experiences with the YMCA. The YMCA in 2001 has changed. It has moved away from the grassroots approach to community based education and recreation to more of a money making venture. One of the proposals has a lot of office space and the other has all recreation. Chelsea Piers is committed to making the facility accessible to children. He advocates for children all over the City particularly those that are under served and under represented. Chelsea Piers not only will work with the CBO in particular communities in the City but they will be working in conjunction with the SF Unified School district to make these facilities available at all times. We should look at how we can better enhance the lives of our youths so they

can take our places tomorrow. The Chelsea Piers project is the most viable option.

Ric Olivas, President of CA Youth Soccer Association, representing 10,000 soccer players in San Francisco and has been a San Francisco resident since 1947. He has seen the panorama of the City changed tremendously. For the last ten years, he represented the soccer association with Park & Rec talking specifically and primarily about open space in San Francisco. An interesting fact appeared in the newspaper some time ago i.e. there is a bar or restaurant for every corner in San Francisco. That has not changed too much. He does not think that we need many more bars and restaurants. He's seen the deterioration of the Mission District to the dot comers. For the kids of San Francisco, he does not know where they're going to find 500,000 s.f. of open space for them to enjoy and to grow in. If we are going to look for specifically the bottom line, we are doing a tremendous disservice to our future, to our children. He suggested the Commission look at this closely in regards to our future and not on whoever is going to make a couple of bucks out of the deal.

Myles Stevens, SF Black Chamber of Commerce, indicated that they have 500 members, 200 businesses, many of which have done business up and down the waterfront. They follow the activities of the Port with great interest. He supports the Chelsea Piers candidacy for this key development in the City. Chelsea is experienced and proven. They have done it in New York City. They would like to see it in San Francisco. They have the knowledge and the financial resources to design and build a world-class program in San Francisco. What he has learned about Chelsea is that they have a culture of inclusion of diversity. They have met and talked with them. They have reviewed their materials closely. They have also found that they have a lot of affordability for the kind of people they represent. They are also concerned with public policy issues and you have a really clear choice here in terms of public policy. It's their understanding that full recreation is really the issue here. This is not about office development or retail development. It's about recreation; it's about the kids; it's about people working that have a chance to have recreation in the day. That's the purpose and that's the intent of the RFP and that should be carried out. He is talking about fairness, an issue that they talk a lot about in their community. The RFP has a certain set of criteria, it's all about maximizing recreation. Chelsea Piers can bring the most recreation opportunity to the City and he hoped that the Commission will vote for that.

Hudson Martin, YMCA, hoped that in evaluating these proposals, the Commission would look well beyond the brick and mortar of the two alternatives because the issue of how these facilities will be used and who's going to use them is the important issue. He believes that to get a feel for that difference, it's appropriate to think in terms of the two closest facilities associated with these two proposals. The Bay Club is a first-class facility, very well run and well maintained. The programs are good for their constituents based but it is a constituents based heavily weighted towards upper income individuals. The Embarcadero YMCA is a facility very similar in nature to what the pier project went through, a major retrofit and upgrade over ten years ago and turned that facility into a modern, well-run, well-maintained facility. Contrary to earlier assertions, it is beyond or more than a yuppie health club. Any time of the day in the summer, you will see kids who are using it as a day camp. They have a computer center where children from Bessie Carmichael, during the day, are shoulder to shoulder with senior citizens learning to use computers. Programs such as

basketball for South of Market kids round out a philosophy of the YMCA that is really key. In the end, the Commission's decision is based on what you want and what you want is just a recreation facility; you have two choices in front of you. But if what you want, quoting from the RFP, is a facility with economic access that reflects the diversity of San Francisco, you have one choice and that is the Mills/YMCA proposal.

Karen Stern, Parent body of Middle class Parents in the Bay Area, indicated that San Francisco has an opportunity to reach out to a vast population that is sorely under served. The Bladium for in-line roller hockey moved to Alameda. The North Bay has nothing like that. The Chelsea Piers offers a multi-use facility that can satisfy all families and all types of sports interests. While Mills proposal is making the effort to serve the underprivileged of the community, it's looking to the middle class to subsidize that program through retail. She's not going to choose to come to the wharf to shop at REI. She would much subsidize all athletic activities for all people of the bay area through the Chelsea Piers approach or through a pay-as-you-go approach, unlike the YMCA. It is a membership organization; it is not something you perceive as you-pay-as-you-go program. Chelsea Piers is quite clear that you could come in that day and use its facilities on a pay-for-use basis, which is very appealing. San Francisco has an opportunity to draw back a larger bay area based population that is not using the retail facilities or many of the attractions. The wharf is not an area that they choose to go to. The Exploratorium and the Metreon are desirable attractions. They take the ferry and there's a beautiful Embarcadero promenade to bike down to use Chelsea Piers during a wonderful day's event. If you put 750,000 retail square footage at Mission Bay, why pollute the beautiful wharf any further with T-shirt shops. It's not something the City needs. Recreation, we all need.

Christy Kiefer, YMCA, indicated that their teen center is focused on providing quality programs to the diversity of San Francisco's community. One of the programs they run is funded entirely by grants. They see more than 100 teens a day and they don't pay anything to be on their program. They provide educational assistance and recreational opportunities because they are primarily focused on youth leadership opportunities and for opportunities for teens to give back to the community. Their teens organize community clean-up days and volunteer their time to tutor younger students. In addition, they also work with the community – San Francisco Youth Commission, YWCA Mission Girls Program. They have also brought in Jobs for Youths and Community United Against Violence. They are representing that YMCA has a proven reputation of providing quality affordable programs to the diversity of community citizens.

Larry Gaines, teen representative at YMCA, supported the YMCA at the piers. As a 13-year old African American, he stated that the YMCA has great programs. Last year, he was a different person than he is now. He was shy and did not like to take any chances for anything. He would always hold his opinions back. This year, he decided to start all over and put all those things behind him . Every opportunity he saw, he took. He joined a teen center, he became a member of the youth advisory committee and was elected president of the Friday Night Program. Each of these are leadership programs where teens get to plan and make decisions for students in the program. From these YMCA programs, he's learned to respect others and their opinions and take on new responsibilities. He supports the YMCA on the piers so more kids could

be on the program like this.

Josephine Boville, YMCA, senior citizen from the Lake Merced Area, indicated that for her the YMCA has great value. The YMCA has a positive presence in many parts of the world. When she lived in Kenya, she witnessed its usefulness, in particular, working with youth. The young, disadvantaged, living not far from this area, needs sports, as much or more as the affluent. With the pier area being so close to their neighborhoods, these teenagers could easily participate. They could afford the YMCA but not the Chelsea plan. The YMCA would be an asset to all ages in the community and an affordable one. She could vouch for that as she has observed and participated in the YMCA in her neighborhood for many years. She urged the Commission to give extra consideration to the YMCA proposal.

Todd Motoyoshi, Mills/YMCA, indicated that he is a resident of San Francisco and a businessman at the Financial District and a volunteer for the YMCA for 12 years. The YMCA has thousands of volunteers in San Francisco. The YMCA could not operate without the volunteers. He volunteers because the YMCA really makes a difference in people's lives. The YMCA will provide affordable, recreational activities for all people in San Francisco. They have almost 150-year history in San Francisco. He does not believe that Chelsea Piers and the Western Athletic Club are going to be able to provide access and affordable recreational activities for all people. He urged the Commission to consider the YMCA/Mills proposal and YMCA's history in San Francisco.

Jeff Barry, YMCA since 1987 and SF Police Officer, indicated that the YMCA builds community and nurtures youth and family and has an incredible social value. He is also an expert in community-oriented policing and problem solving and practitioner as a sergeant of police in the Sunset District. One of their major problems is group homes. The YMCA allows these very disadvantaged youths to enjoy the facilities. That's community policing and problem solving in its very best practice, doing something on the front end to prevent crime and disorder in the back end. Another example of community-oriented policing and problem solving by the YMCA, through the YMCA and their efforts, one disadvantaged member is graduating from San Diego State University. He would not have done it without the YMCA in their efforts to build community and nurture youths and families. He asked the Commission to consider YMCA on the pier.

Patricia Hall, YMCA, indicated that she is a long-time resident of San Francisco and a lifetime member of the YMCA. She is currently participating in the YMCA senior program. She talked about the inclusiveness of the YMCA program. It has cradled her from her youth, her adulthood through her senior years and it speaks to the all inclusiveness of the program that the YMCA provides. This speaks something about what it does for African Americans, for women, for all cultures in the City. She asked the Commission to keep that in mind when considering the proposals. The Chelsea plan is beautiful and it appears to have many amenities. She's not sure that it will provide amenities for everyone in San Francisco. We don't have the figures of what it's going to cost and for people at South of Market and many areas in San Francisco, she does not think that they would be able to afford the cost of the pay-as-go-you plan that they envision in their program. She hoped that the Commission keeps that in mind

when voting and vote for the YMCA.

Bob Katter, Forest Hill resident, indicated that he was a member of the SF Bay Club for six years and they chose to switch to the YMCA because it has a more family friendly atmosphere. The Bay Club is an extremely nice club. He feels that the Bay Club and the YMCA are two different organizations. Having just left the Bay Club a few months ago, it's clear to him that they serve an entirely different clienteles. The Bay Club serves a very affluent and elite clientele. The trouble with Chelsea Piers/Bay Club proposal is that only a small percentage of San Francisco residents can afford to access those facilities. He supports the YMCA/Mills proposal instead.

Keena Turner, SF 49ers, supports the YMCA/Mills project. He is in support of Larry Gaines and all of the young people he represents. He could relate to Larry because he had the fortunate pleasure of participating in the YMCA when he was growing up and understands just how important that part of life could be. We talked time and time again about how much is needed, how much we need to impact our young people. There are people at the YMCA that do that. YMCA is different and special because of the people. Like anything that we do, it always comes down to the people that care. When you have people that care and are involved, it does not seem to matter how big the mountain is, you find a way to climb it. That's something he knows a little about. He's used to being around people like that. You shouldn't have to be told in a project like this to be affordable, to have outreach, to be inclusive. When you think about them, you'll think about YMCA.

Linda Davis, YMCA, indicated that she was the interim superintendent of the SFUSD and also served as a volunteer for 12 years on the board of the YMCA. She talked to the Commission of what she perceives as very important when the Commission makes this consideration. She indicated that the Commission have voices like Larry's and other members of this community representing diversity, representing different income levels, but look at who serves the people in San Francisco. The Commission is going to have to make a decision for all of San Francisco, the people who live, work and visit here. That is the true legacy of San Francisco in that the Commission will be making an informed decision that will be responsive for all the people that the Commission serves. That means looking at not only the Mills Group and the YMCA proposal who stood on their services. The Commission knows what the YMCA does not only in this City but across the nation. The Commission knows that they could see the results not only in the public schools but strong families and strong communities. The Commission needs to look at that as a true asset when they make the informed decision. It's not just about the bottom line called profit; it's not just about "developing office space." The reality is if you have to make one decision that is going to invest in the people who live here and come to this community, you have to weigh that very gravely in the decision making. She encouraged the Commission to support the Mills/YMCA proposal as they would provide the recreational and sport serviccs for this community, for this City and for the future.

Jim Finkelstein, a volunteer at YMCA for 13 years indicated that the YMCA has 120 million members in 128 countries. It's a pretty big tail for the dog. YMCA in terms of its experience base has behind it the support of one very important principlc i.e. character counts. They talk about respect, responsibility, caring and honesty. They

bring those values into everything they do. He wouldn't be standing in front of the Commission if it hadn't been for the YMCA. As a youth, he was a youth who struck out, who hit kids and who had trouble. His father died when he was very young and the YMCA stepped in to be his family. He would never have become the chairman of the board of YMCA of San Francisco if it hadn't been for an early intervention and experience when he was 8 years. That's the character they bring to this project; that's spirit and the passion they bring to working with people because this is not about sports; this is about people He asked the Commission to consider the integration of the two so they could provide wonderful recreation facilities on an affordable basis for all residents of San Francisco to change their lives with passion and character.

Carol Kocivar, YMCA, indicated that she has been an advocate for children for a number of years in San Francisco and served on the Stonestown YMCA board. She spoke in favor of the YMCA/Mills project. When she first joined the YMCA, it was merely to get some exercise. After having gone there and seeing what the programs are, the YMCA is really more than just a place where you lift weights and do aerobics. It's a place where children who don't speak English can go and learn about the community. It's a place where seniors come and have activities that keep them sparkling and alive. It's a place where teenagers can have programs that make a difference in the character of their lives. It builds responsibility. They are talking about recreation and community and making sure that the kids from the Bayview Hunters Point, Chinatown and South of Market can come to a place where they can feel comfortable.

Sal Cisneros, Executive Director of the Embarcadero YMCA, invited the Commission to visit the Embarcadero YMCA. He clarified that they growing but are not moving. Embarcadero YMCA has been there for 75 years; they will continue to be there. With regard to the comment on the scholarship money of $1.6 million, he clarified that many of the programs that the children participate in are direct subsidized programs that is $10 million of YMCA operations. They are not just a few scholarships; it is a major part of who they are. He also clarified that they are certainly membership based. They also allow anyone to come in off the street at anytime for any program. YMCA has a rich history. All nine facilities in this community has been developed through fund raising. They know how to raise funds. The other organizations have to raise funds as well. They know what they are doing and they have done it for a long time. They have a terrific partner and he hoped that the Commission would take a look at those facts.

Dawn Riley, America True, indicated that she found out what was happening at Bay Club and investigated how much it would cost to go to Chelsea Piers. She's also talked to individuals that have worked at Chelsea Piers and participated in their programs. The person who worked there left in frustration because of unmet promises in terms of hiring staff and being able to operate. The person who ice skates there absolutely loves it but she owns several apartment buildings in Manhattan. A lot of her friends cannot afford it. She talked about the San Francisco waterfront. Access to the waterfront means more than coming down and looking at it. It means getting people out on the water; providing the ability, the instruction and safety to get them out on the water. The plan they have with the YMCA takes a smart and accessible approach. The YMCA will bring the people. America True will also help in providing the activities.

It does not mean that they are not going to send people out into the ferry lanes; or in front of the shipping. It's going to be contained in a mooring field inside the piers with proper instruction, proper safety. This is something they do in communities across the country. On Thursday, they have invited high school sailing, college sailing, sailing schools; every program that gets people out on the water to America True, to Pier 27 to discuss the needs and how they can collaborate. The YMCA is already helping them to provide swimming instructions for the youths. There's a huge amount of synergy and the ability to get people connected to the bay and not just to look at it. In dealing with the Mills, she found them to be open, to listen, to be flexible, logical and very smart people. She believes that this is the best project for the waterfront.

Tracy Senigar, a working mom, indicated that she is representing the Bayview Hunters Point area. She indicated that the YMCA is something that is going to be affordable for everybody. She is not looking for something that is beautiful. YMCA is a program that is going to be affordable for everybody in San Francisco. She asked the Commission to think wisely about their decision. She supports the YMCA because it is affordable not beautiful.

James Haas, former chair of the South Beach CAC and chair of the E-Line Committee, indicated that the Trust encourages intense use on the waterfront. The South Beach CAC has espoused that with the ballpark and the cruise terminal to no detriment to the neighborhood. The question is what is appropriate in these piers. We have an extensive amount of retail on the waterfront. At the cruise terminal, there will be 180,000 s.f. of retail. There is a limit to how much you want on the waterfront. He agreed with the attorneys regarding the office issue. There has to be a nexus between the office and a special unique regional resource. The Ferry Building, the historic resource and the cruise terminal, a case can be made for the fact that would be a unique regional resources. There will be no nexus between offices at Piers 27-31. That is a fatal error to that project. He talked about the traffic and transportation aspects. A preliminary study has been done that shows there is almost twice as much traffic that will come and parking needs for the Mills proposal than Chelsea Piers. That relates to the E-Line which will be operating in 2003. This will mean that there will be easy transit from the Caltrain, south of that and all the way up to the marina that could bring people back and forth to the Chelsea Piers. People that go shopping for skis and large items are more disposed to come in cars than people who go to the gym. There are lots of people in South Beach who have been members of the Bay Club. He foresees extensive use of public transportation from all along the waterfront to use this facility. Therefore, from a transit and transportation point of view, the Chelsea Piers is far superior. As a San Franciscan, he has been offended by the Mills proposal. They have a simple minded attitude towards the planning of the pier. They put a four-acre plot in spite of the fact that Eva Liebermann and Northeast Waterfront committee did for a much more sophisticated use of open space. He is offended by them recruiting the YMCA and making them go out and raise the money to build the building. He is the chairman of the committee to raise the money for the organ pavilion. It's not easy; he found that in the last three months, there are a lot of potential sources of money that have dried up. To raise $30 million for their building would be beyond his ability to contemplate at this time. He was also offended by the campaign. It's been an aspect of a cheap political campaign. The YMCA who is so concerned about character needs to rethink how they have gotten themselves into that miasma.

James McKenzie, 4th generation Native San Franciscan and a father of a 9-year old autistic boy who has been served by the YMCA indicated that he's also been a member of both the Pacific Athletic Club in the Peninsula and the Bay Club in San Francisco. The Bay Club is a very fine excellent organization. They excel at providing for people who have a lot of money. The differentiating factor is that they do provide excellent service to their diverse community in San Francisco. Having a son with special needs and finding fine services is pivotal. The YMCA has gone out of the way to set a special swim program for him. When he was at the Bay Club and Pacific Athletic Club, the most that was offered was daycare and it was not affordable. It's not part of the corporate culture of the Bay Club or the Western Athletic Clubs to provide care for the type of people who live in San Francisco. He emphasized that the YMCA does provide character. His experience with the YMCA has been fantastic; his son has benefited. He's seen other people from different economic levels have benefited from the YMCA as well. He emphasized that the YMCA does reflect the City of San Francisco.

Ernestine Weiss, indicated that Tom Bernstein has eloquently stated the features of Chelsea Piers. Location is the key in any real estate successful venture. Her background is in real estate development. The waterfront to her is for fun, cruises, entertainment, recreation, strolling, events, people watching and not for offices. Offices belong in office district not on the waterfront. She's never heard of a huge office development such as that proposed by Mills; it's the wrong place at the wrong time. The YMCA is wonderful but they belong in neighborhoods. We need sports facilities in San Francisco for all the children and adults in the City so that everybody can be served. The Chelsea Piers proposal will be successful. It's a unique proposal to have all the sports facilities in one place. Give Chelsea Piers the go ahead; they have a proven track record and the money is there.

Peter Chong, Chinatown YMCA Executive Director, read a letter from Gordon Chin. It stated… "I am pleased to have the opportunity to add my name to the list of supporters for the Mills/YMCA proposal for Pier 27-31. As it is well known, Chinatown severely lacks opportunities for recreation and open space. Our density is second only to New York Chinatown. While our neighborhood is within a few blocks of the bay, for most Chinatown residents, this proximity is abstract. The Mills/YMCA team would open up the bay to Chinatown and the whole city with a new park larger than Washington Square. Chinatown residents of all ages would have easy access to the water especially those who avail themselves to the YMCA shuttle service. We have a fleet of vans and busses that we use when we cart our kids and seniors to programs all over the City and outside the City. With the pier project, it would enable the YMCA to bring more people from our neighborhoods to enjoy the bay. Here in Chinatown we know that the YMCA is for everybody, low-income seniors and children, most particularly. The range of service that YMCA offers can be big. Adding the Pier 27-31 facility to the YMCA inventory would really be a great benefit for Chinatown and San Francisco as a whole. The Mills/YMCA proposal is a reality, a partnership between a developer and a local institution which brings a string of community benefits. He has been working for almost 30 years to improve opportunities for Chinatown residents both as director of neighborhood organizations and as president of the Recreation and Park Commission. He is writing now as an individual San Franciscan to urge your support for the new YMCA proposal at Pier

27-31."

Mr. Chong indicated that the YMCA is a neighborhood organization and there will be another YMCA that is coming out in the Bayview. About a year and a half ago, there was a shooting across from the YMCA. They have to rotate kids in and out of the YMCA. The Pier 27-31 would allow them the opportunity to bring the kids and keep them busy. He urged the Commission to think about the kids and their future.

Jimmy Shores, representing the S.F. Skateboard Park Coalition, indicated that he does not see anyone facilitating the needs of skateboarders in San Francisco. They are open to consulting with either entity that would present a viable industry standard skateboard course for the skateboarders. It was depressing to him that the YMCA turned their indoor skateboard facility to an outdoor on the roof facility. Any facility is greatly needed and appreciated. He thinks that the Chelsea Piers project seems to be more viable for what the city needs. He hopes that we get past the hurdles of the cost taking away what normally seems to be an exclusive Bay Club/Chelsea Pier entity and make it more like YMCA. He believes that the City vendors would not stand for any more businesses or office spaces on the Embarcadero. He personally think it's a bad idea.

Jennifer Clary, SFT, indicated that she appreciated Dean Macris' comments. She pointed out that Jack Bair said that the Northeast Waterfront Advisory Committee voted 7-0 in favor of Chelsea. There were actually two abstentions – she as the representative of San Francisco Tomorrow and Nan Roth as the representative of Telegraph Hill Dwellers. Both are organizations that have been very involved with the waterfront on an ongoing basis. They did not take a position because they don't have enough information yet. It's was wonderful to come to the meeting over the last two months and listen to the speakers, time after time, but it would be nice to have some facts. She hoped that with the Port's truncated schedule for April, the Port would make time to give them the information that they need to take a position.

Neil Malloch has been working with the California Map project for a long time. He indicated that he has been in contact with Port staff for the last several years and they have discussed possibilities of several piers, Pier 26, 27, 30/32, 35, 45, 48 and 50. He had not involved himself in this process to a great extent because of the thought that this would be primarily a sports facility. However, Port staff has indicated that in the upcoming negotiations stage from hereon, there might be a possibility of at least exploring this issue to a certain extent. In some degree, he would agree that this is compatible with the stated goals of the Port's manifest in terms of mixed-use historical relevance, waterfront compatibility and appeal to groups of all ages. It was called the world's largest map and it was endorsed by a long list of people. He is open to any pier between 45 on the north and 50 on the south. He asked that everything be kept open including Pier 27.

Stewart Morton, indicated that the YMCA is terrific, however, that is a small element of the project for the Mills group. YMCA does great things. If you really analyze the total uses of this project, this is a lot of acreage. The Chelsea Piers project is the better fit for this situation. We don't need office space; it's against the rules. It's evident that one proposal is better than the other. YMCA is terrific but that is minor element of the

Mills project. He's already given his vote to the Northeast Waterfront CAC. Don't be fooled by all the incredibly wonderful testimony about the YMCA. Think about the project and what is really better for the City.

8. NEW BUSINESS / PUBLIC COMMENT

Bob Kastl spoke about the skateboarders at Pier 70. Fines are posted but fines are not imposed and skateboards are not confiscated. He indicated that we don't need Chelsea Piers or Mills Corporation on the Embarcadero. We don't need YMCA or Bay Club either.

Mark Montobbio, Castagnola's Restaurant, gave the Commission an update of Castagnola's Restaurant. Since the last time they met, they have not had any meetings with Local 2. This morning, he faxed a letter to Local 2, asking them to present the proposal to their member employees. Shortly before this meeting, he spoke to Mike Casey and asked for a meeting. On behalf of General Lolli, he hoped that the Commission consider the assignment of this lease without conditions so that he could go ahead and sell his business. There's no reason to delay any further the transfer of the lease to another buyer. They are doing their best to resolve this matter. Local 2 so far are refusing to present their proposal to their people. He urged the Commission to approve the lease.

Alphonso Pines, Local 2, indicated that this is the first time he's heard about the request for a meeting with Local 2 members. They have asked Castagnola's for more information. They have not given them anything about the price of the sale and they continue to meet with their workers. They continue to divide the workers by putting fear in them. Castagnola's have not negotiated in good faith; they continue to negotiate with the workers one on one. They have filed labor board charges. They intend to file more because they are not negotiating in good faith. This sale should not go through on the condition that it would put 30-40 workers out on the street with nothing. They can't negotiate a severance package unless they know the terms of the sale. They don't want to sell out their members and they will continue to fight.

Bill Kedem, NEWR, reaffirmed Bob Kastl's comments. Walking down to Pier 1, he was nearly hit by a skateboarder. The Port needs to take action on enforcing whatever rules and ordinances there are on the skateboard issue. It will involve legal action in the future and the Port is liable. He hope that there will be some enforcement action on the ordinances. He previously suggested that the Port Commission invite a Muni representative. He asked if there's been any response from Muni on this subject.

David Miles, President of the CA Outdoor Rollerskating Association, reminded the Commission of a situation going on now with the San Francisco Skateboard Coalition. They have been working very hard to solve the problems that regarding the skateboarders. They are trying to do something about it. The X-Games was here two years in a row. Those ramps are at Pier 24. He met with Jimmy Shores about the skate park. The ramps are in the pier; it is set up to create a program right now but they feel stuck. The Mayor, the Supervisors and Rec & Park have gotten involved. They have set up some of the ramps so that they could have a viable program for kids to go. They need help, they need electricity. He asked the Commission to help them out.

9. ADJOURNMENT

Commissioner Hardeman requested that the meeting close in memory of Robert Burton, John Burton's brother. He requested that staff prepare an appropriate notice be send to John Burton.

At 7:45 p.m., the Commission reconvened in executive session to continue their discussions regarding the executive session items.

At 9:25 p.m., the Commission reconvened in open session.

ACTION: Commissioner Hardeman moved approval not to disclose any information discussed in executive session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 9:25 p.m.

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETINGS

The following Regular Port Commission Meetings have been cancelled:

MARCH 27, 2001 @ 4 P.M.
APRIL 10, 2001 @ 4 P.M.
APRIL 24, 2001 @ 4 P.M.

The following Special Port Commission Meetings have been scheduled:

MARCH 26, 2001 @ 3 P.M.
in the Bayside Conference @ Pier 1

APRIL 18, 2001 @ 3 P.M.
@ Gabbiano's Restaurant

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SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING
8:30 A.M., THURSDAY, APRIL 12, 2001
BAYSIDE CONFERENCE ROOM
PIER 1, SAN FRANCISCO, CA 94111

Please note the date & time of the meeting.

AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS/PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 27-31.

b. Property: Pier 80 & 90
Person Negotiating: Port: Karen Clopton, Chief of Operations
*Catellus: Doug Gardner

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 80 & 90.

c. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Bode Gravel Company/Mission Valley Rock: Dan Boardman

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 92.

d. Property: Broadway/Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality: Lawrence Lui

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Broadway and the Embarcadero.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

5. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's web site at www.sfport.com.

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SAN FRANCISCO
PORT COMMISSION

APRIL 12, 2001
MINUTES OF THE SPECIAL MEETING

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MEMBERS, PORT COMMISSION

HON. KIMBERLY BRANDON, PRESIDENT
HON. BRIAN McWILLIAMS, VICE PRESIDENT
HON. DENISE McCARTHY
HON. MICHAEL HARDEMAN
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTYOF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
APRIL 12, 2001

1. ROLL CALL

Commission President Kimberly Brandon called the meeting to order at 8:35 a.m. The following Commissioners were present: Kimberly Brandon, Denise McCarthy, Michael Hardeman and Pius Lee. Commissioner McWilliams was in Japan attending the Port of Osaka Sister Port Conference with Executive Director Douglas Wong and Maritime Director Peter Dailey. Karen Clopton was the acting Executive Director.

2. NEW BUSINESS/PUBLIC COMMENT

Anne Halsted, on behalf of the Northeast Waterfront Advisory Committee, read her letter to the Commission regarding the committee's recommendations for the proposed Piers 27-31 Recreation Project and issues to be considered during the exclusive negotiation period. The committee recommended the Chelsea Piers proposal by a vote of 7-0 with three abstentions. (A copy of the letter is on file with the Commission Secretary).

Bill Kedem, NEWR, read his letter to the Commission regarding the Northeast Waterfront Advisory Group's not addressing residents and businesses' concerns. He also noted that it would be premature for the Port Commission to award exclusive negotiations to a single developer for the Piers 27-31 project at this time since there are a number of issues and concerns associated with the project. (A copy of his letter is on file with the Commission Secretary.)

Rhea Serpan, YMCA volunteer, indicated that he had come to appreciate YMCA as a valuable asset to San Francisco. YMCA was formed to provide services to youths of our City and has been doing that consistently ever since. It is the association that provides programs that are available to everyone. There are more than hundreds of programs that the YMCA operates every year for over a hundred thousand people. Forty thousand of those are youths; 48% of those receive central and financial assistance. The affordability of the programs and services the YMCA presents is affordable to everybody for all walks of life. The YMCA has a deep and wide experience in managing facilities and programs. The YMCA on the piers is going to be a YMCA that is consistent with the specifications of the project. YMCA manages over 600,000 s.f. of facilities and owns and operates 137 acres camp in the peninsula. It has experience in operating facilities of this kind. The YMCA has experience in partnership. Many of the programs at the YMCA are provided to those who come to the YMCA through partnering activity. The YMCA partners with Presidio Trust. They are partners with the San Francisco Educational Church organization to provide support for the Bayview Beacon Center at the Bayview Hunters Point. The YMCA is an experienced partner with private/public entities in providing services to the community. The YMCA is an organization that changes people's lives. The YMCA is about building character and it's about building leadership. It is a valuable component of the proposal of

the Mills/YMCA partnership. It's about having impact, mind, body and the spirit. He urged the Commission to support the YMCA/Mills proposal. It's the right one for San Francisco and the waterfront.

Martie Bolsinger, YMCA/Mills, indicated that the Commission over the past few months heard a lot about the Mills/YMCA plan and the Chelsea Piers plan. The proposals were compared and contrasted for the Commission. The Commission heard many stories from the public regarding their mentoring program. The YMCA is very different. They are not just about facilities; they are all about people and changing lives. They provide opportunities for everyone who participate, life changing experiences to help them be confident and able to make choices that will ensure their success, whether they are children or adults. Their four values of respect, honesty, caring and responsibility are part of all of their programs. It is not just about the activities; it's about how to work with people, how to treat people in all levels. They are also committed to making sure that all of their staff have the tools to be able to not only work with all of the people in recreational activity but to be able to provide life changing experiences.

Allan Low, YMCA, indicated that he spent many years at the Chinatown YMCA; it was a very important and informative part of his youth. He believed that being at the Chinatown YMCA formed some of the core values that Ms. Bolsinger spoke about. This is going to be an important project for the Chinatown YMCA because it is going to be a great opportunity for the kids and youth programs to have affordable access to the waterfront. This will be a great opportunity for the Chinatown YMCA kids to draw from kids from the housing projects to all over Chinatown to come down and have access to the waterfront. It is a great opportunity for some of their seniors to participate in the waterfront. Chinatown YMCA has a partnership with Self-Help with Elderly and On Lok. He urged the Commission to adopt the Mills/YMCA proposal.

David Prowler, YMCA, indicated that the Mills/YMCA proposal best meets the goals of the RFP for affordable recreation, for open space and for mixed of uses. The RFP asked for affordable recreation. This proposal would allow 62,000 YMCA members to enjoy the waterfront. It is a diverse population that looks like San Francisco. This would be an opportunity to reintroduce people from all over San Francisco to the waterfront. The YMCA has almost 150 years of experience in San Francisco. They are an integral to the City. They have a similar track record in fundraising. To ensure that the YMCA is able to raise the money to build the facility, the Mills Corporation is providing them with a guarantee to enable them to open concurrent with the other project elements. When the rest of the project opens, the YMCA would be able to open as well. Their proposal provides for a great deal of open space; 51% of the site area would be devoted to open space. The proposal is economically viable. In New York, the Chelsea Piers only broke even and they offer no guarantees that they won't come and renegotiate their lease. The proposal will complement the uses on the waterfront. It would bring more people and more business to the water and more people would be able to afford the YMCA.

Patti Bershers, YMCA, indicated that over the past three years, her experience with the YMCA has changed dramatically. She got involved in the community and is now a member of the board of managers at the Embarcadero YMCA. She learned that the YMCA provides affordable and quality programming, one of the most important elements for the San Francisco community. She urged the Commission to consider the Mills/YMCA Plan.

Chris Duderstart spoke about the need for recreational space in San Francisco. Over the past six years, he crawled all over town and used aerial maps to find space for our youths and adults for recreation. When he was first offered the opportunity to look at Piers 27-31, he thought it was the most incredible opportunity for the citizens of San Francisco. He looked at what Chelsea Piers has proposed for this space and they understand how to utilize what's there. They understand what people need. Chelsea Piers is coming to San Francisco to provide what San Franciscans need, recreational facilities. He urged the Commission to support Chelsea Piers.

Tom Flowers spoke about the proposed hotel development at Broadway and Embarcadero. He spoke about his proposal that was rejected by Port staff. He urged the Commission not to extend the developer's request for extension of time and asked the Commission to reconsider his proposal.

Maria Drake indicated that something is needed on the piers for our children. She can't afford to take her family of four to Chelsea Piers. She asked the Commission to think about affordability for the families and urged them to decide on what's right for the City and vote for the Mills/YMCA proposal.

Jack Bair, SF Giants, indicated that the Commission has heard from the community and from the consultants. The Commission understands the politics and understands the regulatory constraints. The Port has a hard working and competent staff who has provided the Commission with the best analysis. Nothing goes down easy in San Francisco, there is always opposition for change. Chelsea Piers is a good, worthy project. It is responsive to the RFP and it meets demonstrable needs that exist in San Francisco. It increases the recreational opportunities dramatically. Chelsea Piers is a place where you see thousands of people from all walks of life. Chelsea Piers would bring life to that part of the waterfront. It will be a source of pride for all of us.

Henry Graham, ILWU Local 10, made the Commission aware about Mission Valley Rock Company bringing in another labor force organization into the longshore jurisdiction, much to their dismay.

Bob MacIntosh, Pier 39, indicated that everything he's heard so far is YMCA, not the Mills project. The Mills proposal is all about shopping center and office spaces. Economic study has been done related to the Fisherman's Wharf area and the Mills project would negatively impact the Fisherman's Wharf area. This year, Pier 39 and Pier 41 paid the Port $3.5 million rent, the majority of which is percentage rent. He urged the Commission to consider the Chelsea Piers proposal.

Rob, Boys & Girls Club, stated that this project is not about the Boys & Girls Club versus the YMCA. A lot of the comments about YMCA are true. They have, however, met with Chelsea Piers and talked about their charitable donations of time, their summer camp and sponsorship programs. This project is another step for San Francisco to become a world class City. Chelsea Piers would be an outstanding facility and an outstanding project for kids and adults. Chelsea Piers would be affordably priced.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

At 9:15 a.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

b. Property: Pier 80 & 90
Person Negotiating: Port: Karen Clopton, Chief of Operations
*Catellus: Doug Gardner

c. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Bode Gravel Company/Mission Valley Rock: Dan Boardman

d. Property: Broadway/Embarcadero Hotel
Person Negotiating: Port: Byron Rhett, Director of Planning & Development
*Stanford Hospitality: Lawrence Lui

At 2 p.m., the Commission reconvened in open session.

ACTION: Commissioner Hardeman moved approval not to disclose any information discussed in executive session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 2 p.m.

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SPECIAL MEETING
3:00 P.M., WEDNESDAY, APRIL 18, 2001

Please note the date, time & location of the meeting.

Items 1 through 3 of the agenda will start at approximately 3 p.m. @ the Bayside Conference Room in Pier 1.

All remaining agenda items, starting with Item 4, will start at approximately 4:30 p.m. @ Gabbiano's Restaurant located behind the Ferry Building.

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - March 26, 2001 Special Meeting

3. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   B. CLOSED SESSION pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d).

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (DISCUSSION ITEMS):

      - Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 (1 case).

        Bistro Z, LLC vs. CCSF, Superior Court No. 319566

      - Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 potential cases).
        X As Defendant __ As Plaintiff

        As Defendant: Two licensees and one lessee at Wharf J-3 have informed the Port that they have claims for damages and/or injunctive relief relating to the Port's alleged failure to repair or maintain the substructure of wharf J-3 or the fish processing building located at wharf J-3.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 27-31.

b. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding property located at Pier 45, Shed A.

c. Property: Pier 40
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Sailing Ship: Dolph Rempp

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations regarding property located at Pier 40.

d. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Bode Gravel Company/Mission Valley Rock: Dan Boardman

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 92.

e. Property: Pier 70
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Waste Resources Technology: Jack Isolo

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

4. **RECONVENE IN OPEN SESSION**

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

5. **EXECUTIVE**

A. Executive Director's Report

6. **MARITIME**

A. Request for approval for the fourth addendum to the agreement with the Golden Gate Bridge, Highway and Transportation District for Public Ferry Transit Service Operations. (Resolution No. 01-31) (Staff report provided to the Commission.)

7. **ENGINEERING & MAINTENANCE**

A. Request for approval for Port staff to execute a contract amendment to Contract No. 2665, "Pier 48 Interior Fire Damage Repair," in an amount not to exceed $272,907. (Resolution No. 01-26)

8. **REAL ESTATE**

A. Request for approval for a 10 year Lease with Corzac, Inc. dba Jelly's - A Dance Cafe for restaurant space at Pier 50. (Resolution 01-27) (Staff report provided to the Commission.)

B. Request for authorization to enter into an Exclusive Right to Negotiate for the Development of the Restaurant Opportunity at 601 Cesar Chavez . (Resolution No. 01-28) (Staff report provided to the Commission.)

9. **PLANNING & DEVELOPMENT**

A. Request for authorization to enter into a professional services contract with Economics Research Associates to conduct a planning process and develop a concept design for the Brannan Street Wharf. (Resolution No. 01-25) (Staff report provided to the Commission.)

B. Request for approval of extension of Exclusive Negotiations for the Embarcadero Hotel Project at Broadway on Seawall Lots 323, 324 and 322-I. (Resolution No. 01-29) (Staff report provided to the Commission.)

C. Informational Briefing on the Southern Waterfront Final Supplemental Environmental Impact Report (SEIR). (Staff report provided to the Commission.)

D. Request for consideration and evaluation of the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located at The Embarcadero between Greenwich and Bay Streets for purposes of selecting a developer for exclusive negotiations. (Resolution No. 01-30) (Staff report provided to the Commission.)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. It is strongly recommended that public comments be submitted in writing so they can be distributed to all Commissioners for review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

Staff Reports: Explanatory Documents available to the public are posted on the Port's Website at www.sfport.com.

APRIL/MAY 2001
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
April 18 *SPECIAL MEETING*	3:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
April 18 *SPECIAL MEETING*	4:30 p.m.	Port Commission	***Gabbiano's Restaurant behind the Ferry Bldg.***
April 24 *CANCELLED*	4:00 p.m.	Port Commission	Bayside Conference Room @Pier 1
May 8	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1
May 22	4:00 p.m.	Port Commission	Bayside Conference Room @ Pier 1

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m., unless otherwise noticed, in the Bayside Conference Room @ Pier 1. Contact Amy Quesada at 274-0406 to be placed on the mailing list for Commission meeting agenda. ***The Commission Agenda and the staff reports are also posted on the Port's Website @ www.sfport.com.***

The Ferry Building Waterfront Advisory Group does not have any scheduled meetings. Contact Person: Alec Bash @ 274-0539.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Person: Kirk Bennett @ 274-0545.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:00 to 7:00 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Person: Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 4th Monday of the month. Location to be determined. Contact Person: Braj Norris @ 274-0540.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Person: Dan Hodapp @ 274-0625.

Port Website

Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Getting to Pier 1:
Pier 1 on the Embarcadero, at the foot of Washington St. The Embarcadero Station is the closest BART and MUNI Metro stop, located below Market St. at Drumm & Spear Streets. The nearest F-Line streetcar stop is on the Embarcadero at Washington St. MUNI bus lines serving the Pier 1 area are the 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:
A) 1 space in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking.

Metered street parking is available on the Embarcadero, Washington St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Commission Bayside meeting room. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Commission meeting room.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Kevin Jensen, ADA Coordinator, at 274-0555. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

San Francisco Lobbyist Ordinance. Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ACCESSIBLE MEETING INFORMATION

The Gabbiano Restaurant is located towards the bay (east) from the Ferry Building. The Gabbiano Restaurant is wheelchair accessible. Elevator access is available to the second floor meeting level. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32, 71 and F-Line streetcar. For more information about MUNI accessible services, call 923-6142.

Paid valet parking is available at Gabbiano's Restaurant. Paid parking is also available at Rincon (Spear between Mission & Howard), One Market Plaza (Spear between Market & Mission), Embarcadero Center 4 (Clay between Davis & Drumm) and 50 California Garage (Sacramento between Davis & Drumm).

Assistive listening devices are available for use in the Gabbiano's Restaurant. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

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PORT OF SAN FRANCISCO

MEMORANDUM

April 13, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Fourth Addendum to Agreement for the Use of a Portion of the Bay Area Rapid Transit District Platform and open water areas located behind the Ferry Building for the Golden Gate Bridge, Highway And Transportation District's Public Ferry Transit Service Operations

DIRECTOR'S RECOMMENDATION: Approve Fourth Addendum to the Agreement with the Golden Gate Bridge, Highway and Transportation District for Public Ferry Transit Service Operations.

The Port and the Golden Gate Bridge, Highway and Transportation District ("Bridge District") entered into an Agreement, dated August 22, 1973, for the use of a portion of the Bay Area Rapid Transit District Platform ("Platform") and open water areas located behind the Ferry Building (together, the "Premises") for Bridge District's public ferry transit service operations. This was subsequently amended by an Addendum to the Agreement dated November 22, 1974, a Second Addendum to the Agreement dated November 12, 1975 and a Third Addendum to the Agreement dated February 28, 1979 (collectively, the "Agreement"). The term of the Agreement is 66 years.

The Port and Bridge District wish to amend the Agreement in order to modify the amount of space and the exact location of the Premises on the Platform, and relinquish a portion of the area adjacent to the Ferry Building ("Relinquished Area"). This is necessary in order to extend the Ferry Building ten feet easterly at its second level, pursuant to the Schematic Design for the Ferry Building as approved by the Commission under Resolution No. 99-90

THIS PRINT COVERS CALENDAR ITEM NO. 6A

on November 17, 1999. Further, the Relinquished Area will provide a connection between the East Promenade public access area along the north wing of the Ferry Building to the public access areas on the Platform (the "Ferry Plaza").

The Port and Bridge District also wish to provide for the construction of a new ferry terminal ("New Terminal") adjacent to the existing facilities, a portion of which will be constructed by the Port at the Bridge District's cost, and the remainder to be constructed by Bridge District at its cost. The New Terminal would be for layover of Bridge District ferries outside of peak commute periods, and for backup if other Bridge District ferry berths are unusable. The berths are not proposed for regular use at this time; any expansion in passenger use would require purchase of additional ferry vessels and additional regulatory approvals.

The Relinquished Area includes a portion of an existing overhead public access structure, which structure is used by the Bridge District in connection with its lease of space. The Port and Bridge District contemplate and agree that Ferry Building Investors, LLC ("Developer"), in connection with the commencement of its work on the Ferry Building and the areas surrounding it, may remove and/or modify, at its sole cost and expense, that portion of the structure located within the Relinquished Area but shall not be required to pay any amounts to the Bridge District or the Port in connection with such removal and/or modification. The Relinquished Area would become part of the "Perimeter Easement" under the terms of the Ferry Building Lease, dated as of April 10, 2001, between the Port and the Developer.

As described above, the Port would partially construct and make available to Bridge District a New Terminal adjacent to the Port's North Ferry Terminal (the "North Terminal"). Construction of the entire new terminal would consist of two phases, including granite paving, railing, bollard lighting and supports for the future gangway; (1) construction of a pile-supported platform comparable to that of the North Terminal, and (2) granite portal structure, gates and gangway and float with canopy comparable to those of the North Terminal. The Port would construct Phase I of the New Terminal for use by Bridge District, and the Bridge District would construct Phase II.

The Port would have its contractor prepare the final design and engineering drawings for construction of Phase I and submit invoices for such work to Bridge District for payment. The Port would construct Phase I of the New Terminal in conjunction with the Port's Ferry Building East Promenade Construction Project. The Bridge District would bear all of the cost of constructing Phase I.

The Bridge District would construct Phase II of the New Terminal. The Port would make available to Bridge District, pursuant to the Port's standard Permit to Enter, the area adjacent to Phase I necessary for the construction of Phase II of the New Terminal. The Bridge District would obtain building permits from the Port's building department. The North Terminal would be used as a basis for the design development of Phase II, including the design of the necessary float, utilities, ramping, gangway, canopies, landside gates and portal.

Upon completion of Phase I and Phase II of the New Terminal, and upon payment in full by Bridge District of all amounts due to the Port, the Port and Bridge District would document the legal description and plat of the
New Terminal as built and add the New Terminal to the Premises leased to Bridge District under the terms of the existing Lease.

The Relinquished Area contains up to three parking spaces currently used by Bridge District. The Port would provide Bridge District with three parking spaces in a reasonably proximate area to the Premises for the remaining term of the Lease, in such area as is reasonably determined suitable and available by the Port. Current plans are to provide such spaces alongside the Agriculture Building.

The San Francisco Planning Department's Major Environmental Assessment Office ("Environmental Assessment Office") on January 31, 2001 reevaluated its Final Negative Declaration ("FND") and Environmental Assessment/Finding of No Significant Impact ("EA/FONSI") for the Downtown Ferry Terminal, adopted and issued on June 2, 1997. The Environmental Assessment Office concluded that the analyses conducted and the conclusions reached in the FND/FONSI remain valid and that no supplemental environmental review is required.

RECOMMENDATION: Port Staff recommends that the Port Commission approve the Fourth Addendum to the Agreement with the Golden Gate Bridge, Highway and Transportation District for public ferry transit service operations.

Prepared by: John Davey, Maritime Operations Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-31

ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT RELATED TO THE APPROVAL OF THE FOURTH ADDENDUM TO THE AGREEMENT WITH THE GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT FOR PUBLIC FERRY TRANSIT SERVICE OPERATIONS, AND APPROVING SAID FOURTH ADDENDUM.

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, The Port and the Golden Gate Bridge, Highway and Transportation District ("Bridge District") entered into an Agreement for the use of a portion of the Bay Area Rapid Transit District Platform ("Platform") and open water areas located behind the Ferry Building (together, the "Premises") for Bridge District's public ferry transit service operations on August 22, 1973, which was subsequently amended by an Addendum to the Agreement dated November 22, 1974, a Second Addendum to the Agreement dated November 12, 1975 and a Third Addendum to the Agreement dated February 28, 1979 (collectively, the "Agreement"); and

WHEREAS, The Port and Bridge District wish to amend the Agreement in order to modify the amount of space and the exact location of the Premises on the Platform, and relinquish a portion of the area adjacent to the Ferry Building ("Relinquished Area"), in order to extend the Ferry Building ten feet easterly at its second level pursuant to the Schematic Design for the Ferry Building as approved by the Commission under Resolution No. 99-90 on November 17, 1999, and to provide a connection between the East Promenade public access area along the north wing of the Ferry Building to the public access areas on the Platform; and

WHEREAS, The Port and Bridge District also wish to provide for the construction of a new ferry terminal ("New Terminal") adjacent to the existing facilities, a portion of which will be constructed by the Port at the Bridge District's cost, and the remainder to be constructed by Bridge District at its cost, for layover of Bridge District ferries outside of peak commute periods, and for backup if other Bridge District ferry berths are unusable; and

WHEREAS, The Downtown Ferry Terminal's North Terminal would be used as a basis for the design development of the New Terminal, including the design of the necessary float, utilities, ramping, gangway, canopies, landside gates and portal; and

WHEREAS, The Relinquished Area includes a portion of an existing overhead public access structure, which Ferry Building Investors, LLC ("Developer"), in connection with the commencement of its work on the Ferry Building and the areas surrounding it, may remove and/or modify, at its sole cost and expense; and

WHEREAS, The Relinquished Area is required under San Francisco Bay Conservation and Development Commission Permit No. 1-00 to be provided by the Developer for new public access, and Developer wishes to include the Relinquished Area within the Perimeter Easement under the Ferry Building Lease dated as of April 10, 2001 between the Port and the Developer ("Ferry Building Lease"); and

WHEREAS, The Relinquished Area contains up to three parking spaces currently used by Bridge District, which the Port would replace in a reasonably proximate area to the Premises for the remaining term of the Lease, current planned for alongside the Agriculture Building.

WHEREAS, The environmental impacts and mitigation measures associated with the Downtown Ferry Terminal were analyzed in the Final Negative Declaration ("FND") and Environmental Assessment/Finding of No Significant Impact ("EA/FONSI") for the Downtown Ferry Terminal, adopted and issued on June 2, 1997, and

WHEREAS, San Francisco Planning Department's Major Environmental Assessment Office ("Environmental Assessment Office") on January 31, 2001 reevaluated FND and EA/FONSI for the Downtown Ferry Terminal, adopted and issued on June 2, 1997, and concluded that the analyses conducted and the conclusions reached in the FND/FONSI remain valid and that no supplemental environmental review is required; now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into the Fourth Addendum to the Agreement with the Golden Gate Bridge, Highway and Transportation District for public ferry transit service operation substantially in the form on file with the Port Commission Secretary on the terms set forth in the memorandum to the Commission dated April 13, 2001 for this Item 6A ; and be it further

RESOLVED, that the Executive Director is hereby authorized to enter into such additional documents, in consultation with the City Attorney, necessary to include the Relinquished Area within the Perimeter Easement as defined in the Ferry Buiding Lease; and be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to make such minor technical or non-material changes to the Addendum, in consultation with the City Attorney, as he deems appropriate to implement the intent of this Resolution, and to enter into such other documents, in consultation with the City Attorney, necessary to include the Relinquished Area within the Perimeter Easement area as defined in the Ferry Building Lease

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 18, 2001.

_____

Secretary

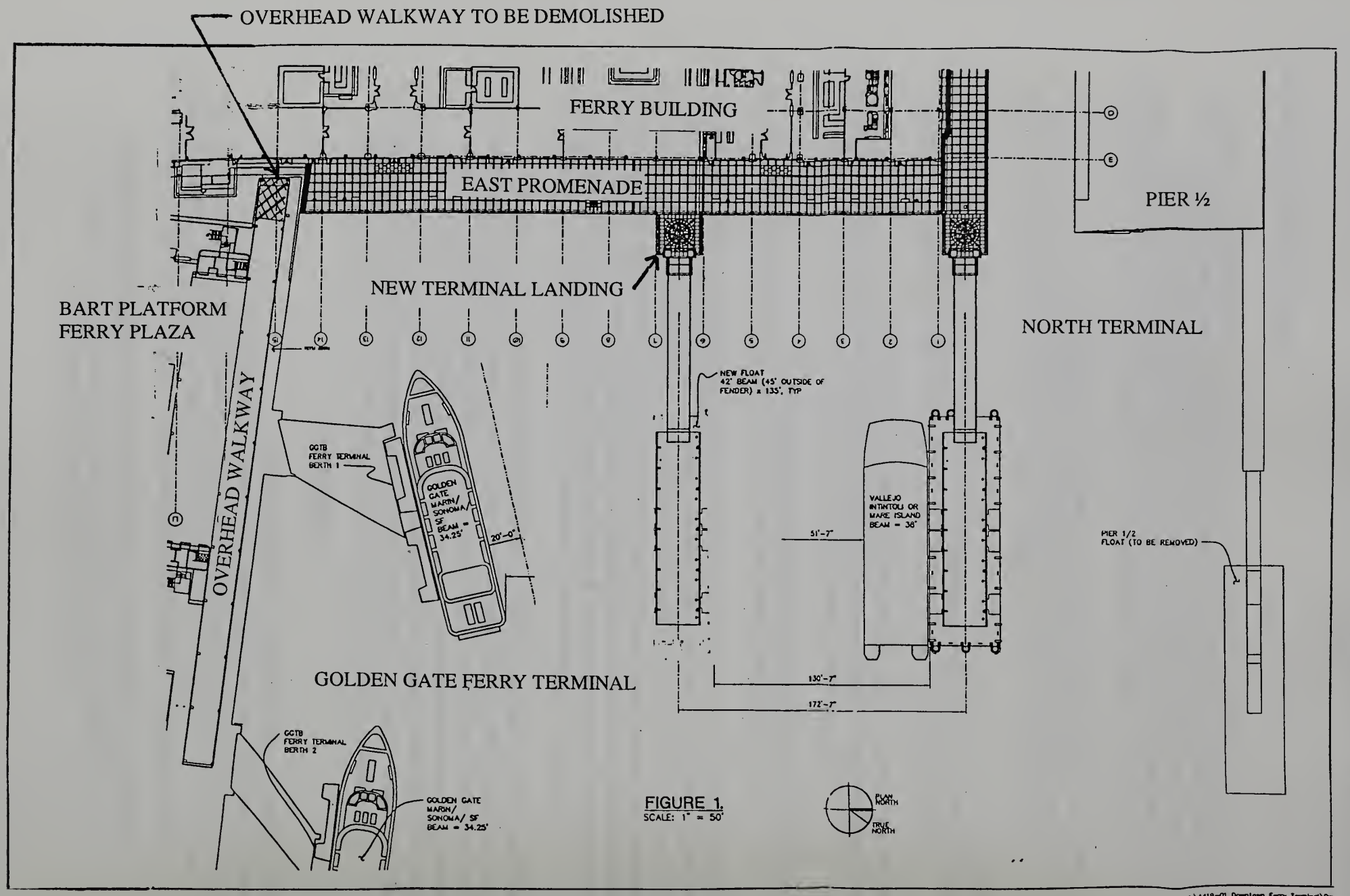

FIGURE 1.
SCALE: 1" = 50'

FOURTH ADDENDUM TO AGREEMENT
FOR THE USE OF CERTAIN SPECIFIED PROPERTY BY THE
GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

THIS FOURTH ADDENDUM TO AGREEMENT ("Fourth Addendum") is made on the ____ day of _____ 2001, by and between the CITY AND COUNTY OF SAN FRANCISCO, acting by and through the SAN FRANCISCO PORT COMMISSION ("Port") pursuant to the authority vested in Port, and GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT ("Bridge District").

RECITALS

A. The parties hereto entered into an Agreement for the Use of Certain Specified Property by the Golden Gate Bridge, Highway and Transportation District on August 22, 1973, which was subsequently amended by an Addendum to Agreement dated November 22, 1974, a Second Addendum to Agreement dated November 12, 1975 and a Third Addendum to Agreement dated February 28, 1979 (collectively, the "Agreement") whereby Port granted to Bridge District the use of certain property in the City and County of San Francisco located behind the Ferry Building for Bridge District's public ferry transit service operations.

B. In the first Addendum dated November 22, 1974 ("First Addendum"), Port expanded the area subject to the Agreement by granting to Bridge District the use of certain additional property located on top of the existing BARTD platform (the "Platform Area"). At that time, the parties did not fix the exact location of the Platform Area, but agreed that the amount of space and location would be fixed at a later date following completion of architecture and design work. The legal description and plat attached hereto as Exhibit A represent the exact location and amount of space of the Platform Area, as fixed by the parties subsequent to the First Addendum.

C. Port and Bridge District hereby wish to amend the Agreement in order to modify the amount of space and the exact location of the Platform Area.

D. The Parties also wish to provide for the construction of a new terminal adjacent to the existing facilities, a portion of which will be constructed by the Port at the Bridge District's cost, and the remainder to be constructed by Bridge District at its cost.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and incorporating the above recitals, the parties agree as follows:

1. Platform Area. In order to redefine the Platform Area, the legal description and plat attached hereto as Exhibit B are hereby substituted as the modified Platform Area in the place and stead of the legal description and plat attached hereto as Exhibit A.

2. Quitclaim. Bridge District hereby vacates, abandons, releases and quitclaims all of its rights, title and interest in that portion of the area described in Exhibit A attached hereto which is not included in the modified Platform Area described in Exhibit B attached hereto (the "Relinquished Area"). The Agreement is hereby terminated as to the Relinquished Area and no terms or conditions delineated in the Agreement shall survive its termination as to such area.

3. Removal Work. The Relinquished Area includes a portion of an existing structure, which structure is used by the Bridge District in connection with its lease of space. The parties contemplate and agree that Ferry Building Investors, LLC ("Developer"), in connection with the commencement of its work on the Ferry Building and the areas surrounding it, may remove and/or modify, at its sole cost and expense, that portion of the structure located within the Relinquished Area but shall not be required to pay any amounts to Bridge District or the Port in connection with such removal and/or modification. Concurrently with the execution of this Fourth Addendum, the Port and Developer are entering into an amendment to their existing Lease Disposition and Development Agreement and Ground Lease, pursuant to which the Developer and the Port agree (1) that, should removal and/or modification of the portion of the structure be required, Developer may remove and/or modify such portion, at its sole cost and expense and (2) that the Developer shall submit its proposed removal and/or modification plans for such structure to both the Port and the Bridge District at least thirty (30) days prior to commencing such work. The Port and the Bridge District agree that each shall have fifteen (15) days from delivery of such plans to disapprove or request modification of same, but the approval of the Port and the Bridge District shall not be unreasonably withheld, delayed, or conditioned.

4. New Terminal. In consideration for Bridge District's relinquishment of the Relinquished Area, the Port will partially construct and make available to Bridge District a new ferry terminal (the "New Terminal") adjacent to the Port's North Ferry Terminal. Construction of the entire new terminal shall consist of two phases. The scope of work for Phase I and Phase II is more fully described in Exhibit __ attached hereto and incorporated by this reference herein. Port shall construct Phase I of the New Terminal for use by Bridge District subject to the further terms and conditions of this Section 4.

a. Port's Obligation for Phase 1.

(i) Design and Engineering. Port shall cause its contractor to prepare the final design and engineering drawings for construction of Phase I ("Construction Drawing"), and shall submit invoices for such work to Bridge District for payment. Bridge District shall pay Port for amounts invoiced within thirty (30) days of receipt thereof. If Bridge District fails to pay any such funds within such 30-day period, Port may, but shall have no obligation to, pay such amounts on Bridge District's behalf, provided further that any and all costs incurred by Port shall earn interest from the date such cost was incurred by Port to the date reimbursed at a rate equal to eleven percent (11%) per annum. Port shall submit design and engineering drawings to Bridge District for its approval in writing within ten (10) days of submission, which approval shall not be unreasonably withheld. Failure by Bridge District to respond in writing within such ten (10) day period shall be deemed approval of the drawings.

(ii) Conditions to Construction. Port's obligation to construct Phase I of the New Terminal is conditional upon receipt by Port no later than **[April 15]**, 2001, of a written request by Bridge District for the construction of Phase I of the New Terminal, accompanied by evidence satisfactory to Port that the Bridge District has received an approved and irrevocable funding commitment in an amount equal to the total costs for Phase I, including, without limitation, costs for design and engineering, construction, construction management, and inspections, all as set forth in the Budget for Phase 1 set forth in Exhibit C attached hereto, and

anticipated finance charges on funds advanced by Port pursuant to Section 4(a)(iii) below (collectively, "Construction Costs").

(iii) Construction of Phase 1. Upon satisfaction of the conditions set forth in Section 4.a(ii) above, Port shall undertake to construct Phase 1 of the New Terminal in accordance with the approved Construction Drawings, and in conjunction with the Port's Ferry Building East Promenade Construction Project. Bridge District shall bear all of the cost of constructing Phase 1, including, without limitation, any and all cost overruns in relation to the Budget, and finance charges accruing on all amounts paid by Port to its contractor at a rate of 11% per annum from the date paid by Port until the date reimbursed by Bridge District. Bridge District shall reimburse Port for all such amounts in accordance with Section 4.a.(iv) below.

(iv) Payment for Phase 1. Upon substantial completion of Phase I, Port shall submit to Bridge District an itemized statement of all Construction Costs incurred by Port in connection with the construction of the Improvements in accordance with the final construction drawings, and itemizing finance charges accruing on amounts actually paid by Port. Bridge District shall reimburse Port, to the extent not already paid to Port by Bridge District for design and engineering or otherwise, for the amounts set forth in the statement of Construction Costs within thirty (30) days of receipt from Port, provided however, that Bridge District shall not be obligated to pay such amounts earlier than July 1, 2001, and further provided that all such costs shall earn interest from the date such cost was paid by Port to the date reimbursed by Bridge District at a rate equal to eleven percent (11%) per annum.

b. Bridge District's Obligations for Phase II. Port shall have no obligation to construct Phase II of the New Terminal. Upon written request by Bridge District, Port shall make available to Bridge District, pursuant to the Port's standard Permit to Enter, the area adjacent to Phase I necessary for the construction of Phase II of the New Terminal. Bridge District shall diligently pursue to completion the construction of Phase II in accordance with all laws, including obtaining building permits therefor from the Port's building department, and shall minimize interference with the Port's operations and the operation of the Ferry Building project. The Port's adjacent North Ferry Terminal shall be used as a basis for the design development of Phase II, including the design of the necessary float, utilities, ramping, gangway, canopies, landside gates and portal. As a condition to issuance of a Port building permit, Bridge District shall submit all design drawings to Port for its review and approval of materials, design and appearance, not to be unreasonably withheld, which review shall include submission by Port to its Design Advisory Committee for review and comment.

c. Addition to Leased Premises. Upon completion of Phase I and Phase II of the New Terminal, and upon payment in full by Bridge District of all amounts due to Port under Section 4. hereof, Port and Bridge District shall execute a Fifth Addendum to Lease that shall set forth a legal description and plat of the New Terminal as built, adding the New Terminal to the Premises leased to Bridge District under the Lease, and subject to all of the other terms and conditions of the Lease. In the event Bridge District fails to pay Port the costs for Phase I of the New Terminal in accordance with this Section 4, without limiting any other rights or remedies Port may have at law or in equity, Bridge District shall have no rights to the use of the New Terminal and Port shall be free to use the New Terminal for such uses as it deems appropriate, in

Port's sole discretion, including berthing for third party vessels.

5. Parking. The parties acknowledge that the Relinquished Area contains up to three parking spaces currently used by Bridge District. Port shall provide Bridge District with three parking spaces in a reasonably proximate area to the Premises for the remaining term of the Lease, in such area as is reasonably determined suitable and available by the Port. The parties acknowledge that the three spaces as of the Effective Date hereof shall be adjacent to the Agriculture Building, but that such spaces may be relocated upon future development by the Port of the Agriculture Building or the adjacent ferry terminal.

6. No Other Changes. Except as expressly amended hereby, the terms and conditions of the Agreement shall remain in full force and effect.

WHEREFORE the parties have executed this Fourth Addendum as of the date first above written.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

By: _____
Name: _____
President

By: _____
Name: _____
Secretary

APPROVED AS TO FORM:

By: _____
Name: _____
Attorney

By: _____
Name: _____
General Manager

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By: _____
Douglas F. Wong
Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: _____
Neil H. Sekhri
Asst. Port General Counsel

Port Commission Resolution
No. _____

Exhibit A

Exhibit B

[new premises]

Exhibit C

[Budget for Phase I]

[to be attached]

PORT OF SAN FRANCISCO

MEMORANDUM

April 12, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to execute a contract amendment to Contract No. 2665, "Pier 48 Interior Fire Damage Repair" for additional work in the amount of $272,907.

DIRECTOR'S RECOMMENDATION: AUTHORIZE PORT STAFF TO EXECUTE A CONTRACT AMENDMENT TO CONTRACT No. 2665, "PIER 48 INTERIOR FIRE DAMAGE REPAIR," IN AN AMOUNT NOT TO EXCEED $272,907.

Background:
The Port is undertaking this project to install a fire protection system and restroom facilities in Pier 48 using a combination of Port capital funds and insurance proceeds from the fire that damaged the structure in 1996. At the time the project was bid out, the Port lacked adequate funds to install a sprinkler system that would protect the entire structure, so the original contract scope included sprinklers for only about two thirds of the building (which include sheds A, B and C). Since that time, staff has located additional funding to install sprinklers throughout the facility.

Contract Amendment:
The proposed contract amendment would result in a sprinkler system that would protect the entire structure. The negotiated price for the additional work is $272,907, which staff considers reasonable.

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This contract amendment would add about 20% to the original contract price of $1,464,000. The Port's fire insurance proceeds will fund $97,000 of the amendment cost, with the balance from Port capital funds.

Therefore, Port staff seeks Commission approval to execute a contract amendment to the existing contract no. 2665, with LTM Construction, for installation of additional fire sprinklers, in the not-to-exceed amount of $272,907. Staff also seeks Commission authorization for a 10% contract contingency in the sum of $27,291.

Prepared by: Leo Bragagnolo
Construction Manager

For: Nieret Mizushima
Acting Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **01-26**

WHEREAS, On March 9, 2000 the Port Commission authorized staff to advertise for bidding of Contract No. 2665, "Pier 48 Interior Fire Damage Repair," and

WHEREAS, On May 24, 2000 staff received four bids; and

WHEREAS Staff reviewed the bid documents and determined that LTM Construction was the lowest responsive, responsible bidder that satisfied the contract requirements and HRC goals; and

WHEREAS, On October 15, 2000, the Port Commission authorized the award of Contract No. 2665, "Pier 48 Interior Fire Damage Repair," to LTM Construction, for $1,464,000 plus a 10% construction contingency, and the Notice to Proceed was issued on October 30, 2000; and

WHEREAS, Port staff wishes to execute a contract amendment to allow the installation of a fire protection system in the areas of Pier 48 not covered in the original scope of work; and

WHEREAS, Port staff has negotiated a not-to-exceed price of $272,907 to obtain the necessary work from the contractor; now therefore be it

RESOLVED, That the San Francisco Port Commission authorizes staff to execute a contract amendment to the existing Contract No. 2665, "Pier 48 Interior Fire Damage Repair," with LTM Construction in an amount not to exceed $272,907, and hereby approve an additional 10% contract contingency of $27,291; and be it further

RESOLVED, That the San Francisco Port Commission authorizes staff to extend the project completion date of the existing construction Contract 2665 with LTM Construction to no later than July 10, 2001, and further authorizes the Executive Director to accept the work upon completion.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 18, 2001.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 13, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice-President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of a 10 year Lease with Corzac Inc., d.b.a. Jelly's – A Dance Cafe for Restaurant Space at Pier 50

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

Jelly's - A Dance Cafe

Ricci Cornell and Clarice F. Lacau have operated Jelly's - A Dance Cafe at Pier 50 since 1993. The tenant under this lease is Corzac, Inc., a California corporation, dba Jelly's - A Dance Cafe ("Jelly's"), which is wholly owned by Corzac, Inc. Their tenancy is currently on a month-to-month basis. The current monthly base rent is $2,806.17, versus percentage rent calculated at 7% of gross receipts. During the 2000 calendar year, Jelly's generated gross sales of $482,773 ($211.09 per square foot of interior restaurant space) and paid $47,140 ($20.61 per square foot) of total rent to the Port.

Pursuant to the Policy for Leasing Retail Business Sites (the "Retail Policy" discussed below), Corzac, Inc. has now requested a new long term lease. Corzac, Inc. has also submitted a business plan for redeveloping the restaurant, which includes a significant investment. Pursuant to the Retail Policy, Port staff has reviewed the compliance of Corzac, Inc. with the criteria for direct negotiation of a long term restaurant lease.

Policy for Leasing Retail Business Sites

On April 28, 1993, the Port Commission approved the Retail Policy (by Resolution No. 93-52). This Retail Policy reaffirms the Port's commitment to foster and encourage full and equitable opportunities for leasing retail sites on the waterfront through an outreach and competitive bid or

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request for proposal process in accordance with section 23.24 of the Administrative Code. However, the Retail Policy also allows for the direct negotiation of a lease with an existing retail tenant if the benefits of direct negotiation exceed the benefits of a public offering.

For a longer term lease to be awarded to an existing retail tenant through direct negotiation, the Port Commission must determine that:

1. The tenant is in good standing;
2. The tenant is committed to making a significant capital investment supported by a sound business plan which will benefit the Port;
3. The tenancy is in the best economic interest of the Port, and the tenant is the best economic tenant available; and
4. The tenant has a good record of affirmative action and nondiscrimination and is committed to future compliance.

As discussed below, Port staff believes that Corzac, Inc. and its proposed business plan satisfy those criteria for direct negotiation pursuant to the policy.

1. **Good Standing**. Corzac, Inc. has a history of compliance with the obligation of its existing lease.

2. **Sound Business Plan**. With a long-term lease, Corzac, Inc. proposes to renovate the existing structure and add to the existing exterior seating. Jelly's – A Dance Café would continue to operate as a full service restaurant. The restaurant concept is to create an affordable "supper club" environment, offering "waterfront swank". Jelly's will be open for music and dance, from Salsa to swing, as well as for indoor and outdoor dining with views of the City and the Bay. Jelly's will serve lunch/brunch and supper seven days and nights a week during the spring and summer months, and five days and nights a week during the fall and winter months. The bar will be open throughout the year. The business plan includes investing $270,000.00 ($79.69 per sq.ft.), without rent credits, in the renovation of the restaurant.

   Corzac, Inc., a closely held corporation, owns and operates Blondie's Bar & No Grill, and Jelly's – A Dance Café. Ricci Cornell, Clarice Lacau and Anatole Zachs are the three sole stockholders in Corzac, Inc.

   Ricci Cornell, a food service innovator, has been responsible for the concepts behind both Blondie's Bar & No Grill and Jelly's – A Dance Café. She has performed a variety of jobs in the food service industry, from owner-operator, executive chef, restaurant consultant, bartender, to food server. Over the past thirty years, she has used her experience and talent to develop and own a number of very successful operations. For eight years, Cornell was the owner and executive chef of La Fontana Italian Café in British Columbia, which was featured as one of Canada's finest restaurants in "Where to Eat in Canada", Anne Hardy, 1988. In 1968, Cornell opened Hunza Natural Foods, the first natural foods café in North Beach, and was one of the founding members of the California Certified Organic Merchants Association which helped create the now multi-million dollar natural foods industry. In 1978, Cornell opened the landmark Café Commons in the Mission District.

For the past twenty years, Clarice Lacau, a native of San Francisco, has managed and operated bars and nightclubs throughout the City. She was executive assistant for three years to prominent restaurateur Jeffrey Pollack, in the management of his many operations, where gained experience in management and operations. Ms. Lacau also ran City Limits, the Old Waldorf, the Punch Line Comedy Club and the Kabuki Nightclub. Throughout her management career, Lacau had been responsible for all personnel management and the handling of all day to day financial aspects of these enterprises.

Anatole Zachs, an attorney in San Francisco, is not active in the day to day operations of either business. Mr. Zachs' interest in the restaurant and bar business goes back many years when he held a position as Administrator of the Hotel and Restaurant Employee Union Local 2 and acted as in-house counsel for the union for several years. Mr. Zachs is legal counsel for Corzacs' two businesses.

3. **Best Economic Tenant**. Corzac, Inc. has agreed to pay an initial monthly base rent of $5,000.00 ($1.07 per sq.ft. interior/$0.20 per sq.ft. exterior,) which is in the mid-range of the market rental range. Moreover, based upon the planned renovation, Jelly's is projected by Corzac to generate average sales of $59,533 per month in the first year after the renovation, increasing to $79,007 per month by the fifth year after the renovation.

4. **Affirmative Action**. Port staff has determined that Corzac, Inc. has a good affirmative action record in employment, purchasing and contracting. In addition, the new lease further requires that not less than 30% of the construction costs expended by Corzac, Inc. for its Tenant Improvements would inure to the benefit of bonafide MBE, WBE, or DBE enterprises certified by the San Francisco Human Rights Commission (HRC).

PROPOSED LEASE

1. **Tenant**: Corzac, Inc., a California corporation.

2. **Premises**: 3,388 sq. ft. of interior restaurant space and 6,824 sq.ft. of exterior deck and parking space located at Pier 50.

3. **Term**: A ten year (10) term, commencing upon Tenant obtaining all required regulatory approvals for the proposed renovation of the Premises, which includes issuance of a permit by BCDC, and issuance of a building permit by the Port. Tenant shall have 270 days to construct the tenant improvements.

4. **Use**: A full-service restaurant.
5. **Base Rent**: Initial Base Rent of $5,000.00 ($1.07 per sq. ft. interior / $.20 per sq.ft exterior) per month for two years. Adjusts to $5,600 ($1.22 per sq. ft. interior / $.21 per sq.ft exterior)in year three. In year five the Base Rent will be adjusted to market rent, with CPI adjustments thereafter. During the portion of the Renovation Period, the Base Rent shall be $2,806.17 per month.

6. **Percentage Rent**: Percentage rent, which shall be offset by Base Rent paid, shall be calculated and paid monthly by applying the percentage rates indicated below to the gross sales of the indicated types of sales:

Full service restaurant food and bar sales -- 7%
Take out food service ----------9%
Retail and other sales ----------9%

7. **Maintenance**: Tenant responsible for all maintenance to the Premises, including the exterior, and the pier substructure.

8. **Capital Improvements**:

a. Tenant shall expend at least $270,000 on Capital Improvements to the Premises.

Construction of Capital Improvements to the Premises by Tenant, in an amount of not less than $270,000 constitutes a material consideration to the Port. Consequently, in the event that Tenant has spent less than $270,000 on Capital Improvements as of the first anniversary date of the Term, the monthly Base Rent will be increased by the difference between $270,000 and the amount actually expended by Tenant on Capital Improvements, amortized on a straight line basis over the balance of the lease term. For example: If by the first anniversary date of the Term, Tenant has only expended $250,000 on Capital Improvements, then the monthly base rent will be increased by $185.19 ($270,000 - $250,000 = $20,000; $20,000 ÷108 months = $185.19).

b. Tenant agrees that not less than 30% of the construction costs it expends on Capital Improvements shall inure to the benefit of MBE, WBE or DBE enterprises, as certified by HRC.

c. Total construction costs - $270,000 = $79.69 per sq. ft.
Requested rent credits _____(0)
Net tenant costs $270,000 = $79.69 per sq. ft.

9. **California Environmental Quality Act ("CEQA"):** The Port Commission is also required to adopt certain findings under CEQA with regard to environmental impact of the proposed project. On January 20, 2000, the Planning Department of the City and County of San
Francisco, Office of Environmental Review issued a Certification of Determination of Exemption/Exclusion from Environmental Review for the renovation of the existing restaurant.

Prepared By: Mark W. Lozovoy, Assistant Deputy Director, Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-27

WHEREAS, Charter section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Under Charter section 3.581 leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the San Francisco Administrative Code, Section 23.24, provides that retail sites should generally be offered to the public through competitive bidding; and

WHEREAS, the Port remains committed to fostering and encouraging full and equitable opportunities for leasing of retail sites on the waterfront; and

WHEREAS, in order to balance the benefits of competitive bidding with the benefits of direct negotiation with existing tenants, the Port Commission adopted the Policy for Leasing Retail Business Sites ("Retail Policy") on April 28, 1993 through Resolution No. 93-52; and

WHEREAS, Corzac, Inc., an existing Port tenant, has requested a renewal lease for the Jelly's - A Dance Cafe site at Pier 50, pursuant to the Retail Policy; and

WHEREAS, the Retail Policy provides that a retail lease may be directly negotiated when:

1. The tenant in good standing;
2. The tenant is committed to making a significant capital investment supported by a sound business plan which will benefit the Port;
3. The tenancy is in the best economic interest of the Port, and the tenant is the best economic tenant available; and
4. The tenant has a good record of affirmative action and nondiscrimination and is committed to future compliance.

WHEREAS, the Retail Policy further requires that, prior to granting a lease pursuant to said policy, the Port Commission must make findings that the tenant satisfies the criteria for direct negotiation and that the benefits of direct negotiation outweigh the benefits of competitive bidding; and

WHEREAS, Port Commission approval is being sought for Lease L-12498 between the Port and Corzac, Inc., the terms of which are set forth in the Memorandum of Agenda Item 8A - for the Port Commission Meeting on April 18, 2001; and

WHEREAS, on January 20, 2000 the Planning Department of the City and County of San Francisco, Office of Environmental Review issued a Certification of Determination of Exemption/Exclusion from Environmental Review for the proposed use of the Premises affected by proposed Lease No. L-12498 for the renovation of an existing restaurant; now, therefore, be it

RESOLVED, that the Port Commission finds that Corzac, Inc., satisfies the criteria for direct negotiation, qualifying it to directly negotiate with the Port for a long term lease pursuant to the Retail Policy, and finds that the benefits to the Port of directly negotiating a lease with Corzac, Inc. outweigh the benefits of competitive bidding; and be it further

RESOLVED, that the Port Commission has considered and reviewed the Certificate of Determination of Exemption/Exclusion from Environmental Review and hereby finds and determines that the use of the Premises affected by proposed Lease No. L-12498 will have no significant impact on the environment and adopts and incorporates the findings of the Certificate of Determination of Exemption/Exclusion from Environmental Review issued by the Planning Department of the City and County of San Francisco, Office of Environmental Review, a copy of which is on file with the Secretary of the Port Commission; and be it further

RESOLVED, that the Port Commission hereby approves Lease L-12498 between the Port and Corzac, Inc., which incorporates the business terms set forth in the Memorandum for Agenda Item 8A for the Port Commission meeting on April 18, 2001, and that the Executive Director, or his designee, is hereby authorized to execute Lease L-12498 on behalf of the Port in such final form as is substantially in the form on file with the Secretary of the Port Commission for said agenda item and in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 18, 2001.

_____
Secretary

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PORT OF SAN FRANCISCO

MEMORANDUM

April 11, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy, Commissioner
Hon. Michael Hardeman, Commissioner
Hon. Pius Lee, Commissioner

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Enter into an exclusive Right to Negotiate for the Development of the Restaurant Opportunity at 601 Cesar Chavez Street

DIRECTOR'S RECOMMENDATION: APPROVE EXCLUSIVE RIGHT TO NEGOTIATE WITH CLIFF'S BBQ AND SEAFOOD

Background

On October 12, 1999, the Port issued a Request for Proposals ("RFP") for the Restaurant Development Opportunity at 601 Cesar Chavez Street. In this RFP, the Port solicited proposals from qualified Respondents ("Respondents") for the development and rehabilitation of a restaurant (the "Site") adjacent and west of the Pier 80 Cargo Terminal.

The Port stated in the RFP that it would select a qualified Respondent that has the demonstrated ability to finance, design, construct, and operate a restaurant on the Site, with the goal of negotiating a lease and related documents for the development and lease of the Site. The RFP further stated that the Commission intends to select a Respondent that can successfully create a restaurant that provides the surrounding neighborhood and businesses with an affordable, high quality dining choice and activate and enliven Pier 80 by drawing workers from the adjacent Pier 80 Cargo Terminal.

The RFP stated that the selected Respondent must have extensive experience in the financing, development and operation of restaurants, and preferably should possess experience with the start-up of new restaurant operations.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

STAFF ANALYSIS OF RESPONSES

Two Respondents, Cliff's BBQ & Seafood and Finer's Diner, submitted responses to this RFP. Port staff has reviewed these two submittals with input from a representative of the City's Redevelopment Agency and a local restaurateur from Fisherman's Wharf. Staff analyzed the Respondent's proposals against the criteria in the RFP and concluded the following:

A. Experience and Organization of the Respondent's Team

While both teams include members that are experienced in the development and operation of restaurants, the Cliff's BBQ & Seafood (hereinafter "Cliff's") team appears superior because their experience is more focused on restaurant operations and they have a proven track record of successfully completing projects that satisfy the demands of San Francisco's complex regulatory and community approval processes.

B. Experience of Restaurant Operator

Both proposed restaurant operators appear to have adequate culinary experience. They both have enjoyed positive reviews and press for past accomplishments. Staff believes that the Cliff's proposal is superior in that the key member of the team responsible for the restaurant operations has more hands-on experience operating a small restaurant establishment. Although the Finer's Diner (hereinafter "Finer's") proposal states that the restaurateurs will be available for initial phases of the development of the restaurant concept, staffing training, etc., and opening of the facilities, the longer term management and operation of the restaurant was unclear.

C. Restaurant Concept

Both restaurant concepts are interesting. The Cliff's proposal of a BBQ and seafood establishment was deemed a better fit for the neighborhood while the Finer's proposal of a 1950's style diner was not a good match for the area, although the review panel recognized the benefits of Finer's 24/7 operating schedule. The panel noted Cliff's inexpensive breakfast menu selections and "take-out" availability as features compatible with the budgets and schedules of the surrounding workforce.

D. Design Consultants

The panel felt that while both Respondents were capable of designing a superior facility, the design edge was given to Cliff's because of more extensive restaurant experience. The panel noted Finer's past experience of impressive accomplishments, but felt Finer's design experience was not necessarily focused in the restaurant industry.

E. Financial Capacity and Plan

The review panel noted that both responses were under budgeted and barely met the RFP requirements for these criteria. The Finer's proposal is largely dependent on major equity investments by individuals. The Cliff's proposal relies primarily on debt financing from the Mission Economic Development Association ("MEDA").

The review felt that Cliff's MEDA proposal was an excellent idea and that Cliff's financial projections were less speculative due to Cliff's outstanding local reputation and success as a restaurant operator. The panel felt the Finer's proposal did not adequately identify a source or sources of funding.

F. Economic Return to the Port.

Again, the review panel felt that neither Respondent fully addressed this issue and that both barely met the requirements of the RFP. However, the panel noted that Cliff's projected revenue stream was more realistic and therefore a more dependable source of revenue. In the short term, the Cliff's proposal would appear to provide less rental income to the Port when compared to the Finer's submittal.

G. Financial Viability.

The panel noted that both proposals include optimistic sales projections which, if met, would justify their respective levels of investment and ensure a decent return to the Port. However, the Finer's proposal appeared "top heavy" with managers and was generally not reflective of typical restaurant business practices. The Finer's business plan was not clearly laid out and was difficult to understand. The Cliff's plan was better prepared but the figures given for payroll were felt to be too low.

H. Diversity Program & Other Factors.

Both teams appear sensitive to diversity issues and exhibit a willingness to work further with the Port on this issue. Cliff's proposal was determined to have greater community support, was deemed a better fit for the neighborhood and overall was determined a better match to the requirements of the RFP. Based on these factors and Cliff's success as a local restaurateur, Cliff's would have a better chance of success. The Finer's concept was interesting but the panel's final opinion was that it would be better suited for another location.

EXCLUSIVE NEGOTIATIONS

As provided in the RFP, after evaluation and determination of the most qualified Respondents, Port staff may recommend that the Port Commission authorize staff to enter into exclusive

negotiations with a single Respondent. The Exclusive Right to Negotiate, a similar form of which was included in the RFP, is attached hereto as Exhibit B. Upon Port Commission authorization of exclusive negotiations, the selected Respondent must submit a $5,000 non-refundable fee (inclusive of the Earnest Money Deposit already provided by the Respondent) for a four-month period of exclusive negotiations during which:

- A lease agreement and related documents for the lease and development of the Site in a final form approved by the San Francisco City Attorney will be negotiated, incorporating specific terms including, but not limited to, the Port's and lessee's responsibilities, the economic parameters, development standards and requirements, and a performance schedule;
- the selected Respondent will complete its "due diligence" review of the Site, finalize financial projects, and complete preliminary development plans including, but not limited to floor plans, elevations, and renderings for the Site;
- the selected Respondent, with the Port's assistance, will complete the project approval processes and any required supplemental environmental review.

The period of exclusive negotiations may be extended solely at the Port's option. The non-refundable fee for extending the period for exclusive negotiations will be $1,000 per month payable in advance.

STAFF RECOMMENDATION

Based on staff's analysis of the two proposals submitted for the Restaurant site, staff recommends that the Port Commission authorize staff to enter into exclusive negotiations with Cliff's BBQ & Seafood for the development of a restaurant at 601 Cesar Chavez Street. Port staff anticipates reaching a mutually satisfactory resolution to any outstanding issues during the exclusive negotiation period.

Prepared by: Theresa Picon
Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-28

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, under Charter Section 3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, on October 12, 1999, the Port issued a Request for Proposals for the Restaurant Development Opportunity at 601 Cesar Chavez Street; and

WHEREAS, Cliff's BBQ & Seafood and Finer's Diner submitted responses to the RFP on January 11, 2001, which complied with the submittal requirements stated in the RFP and which have been reviewed and evaluated by Port staff, with input from a representative of the City's Redevelopment Agency and a local restaurateur from Fisherman's Wharf; and

WHEREAS, based on this review, Port staff has recommended that the Port Commission enter into exclusive negotiations with Cliff's BBQ & Seafood; and

WHEREAS, the Port Commission has reviewed the Port staff recommendation set forth in the Memorandum to Port Commissioners dated April 11, 2001, for Agenda Item 8B, and has determined that Cliff's BBQ & Seafood best meets the qualification requirements for development of 601 Cesar Chavez Street; now, therefore, be it

RESOLVED, that this Commission hereby authorizes the Executive Director of the Port, or his designee, to execute an Exclusive Right to Negotiate agreement substantially in the form attached as Exhibit B and incorporating the economic parameters set forth in Exhibit 1 to the Exclusive Right to Negotiate outlined in the Memorandum of Agenda Item 8B for the April 18, 2001 Port Commission meeting, a copy of which is on file with the Port Commission Secretary, with the understanding that the final terms and conditions of the Lease and related documents negotiated between Cliff's BBQ & Seafood and Port staff during the Exclusive Negotiation period and approved as to form by the San Francisco City Attorney will be subject to the approval of the Port Commission; and be it further

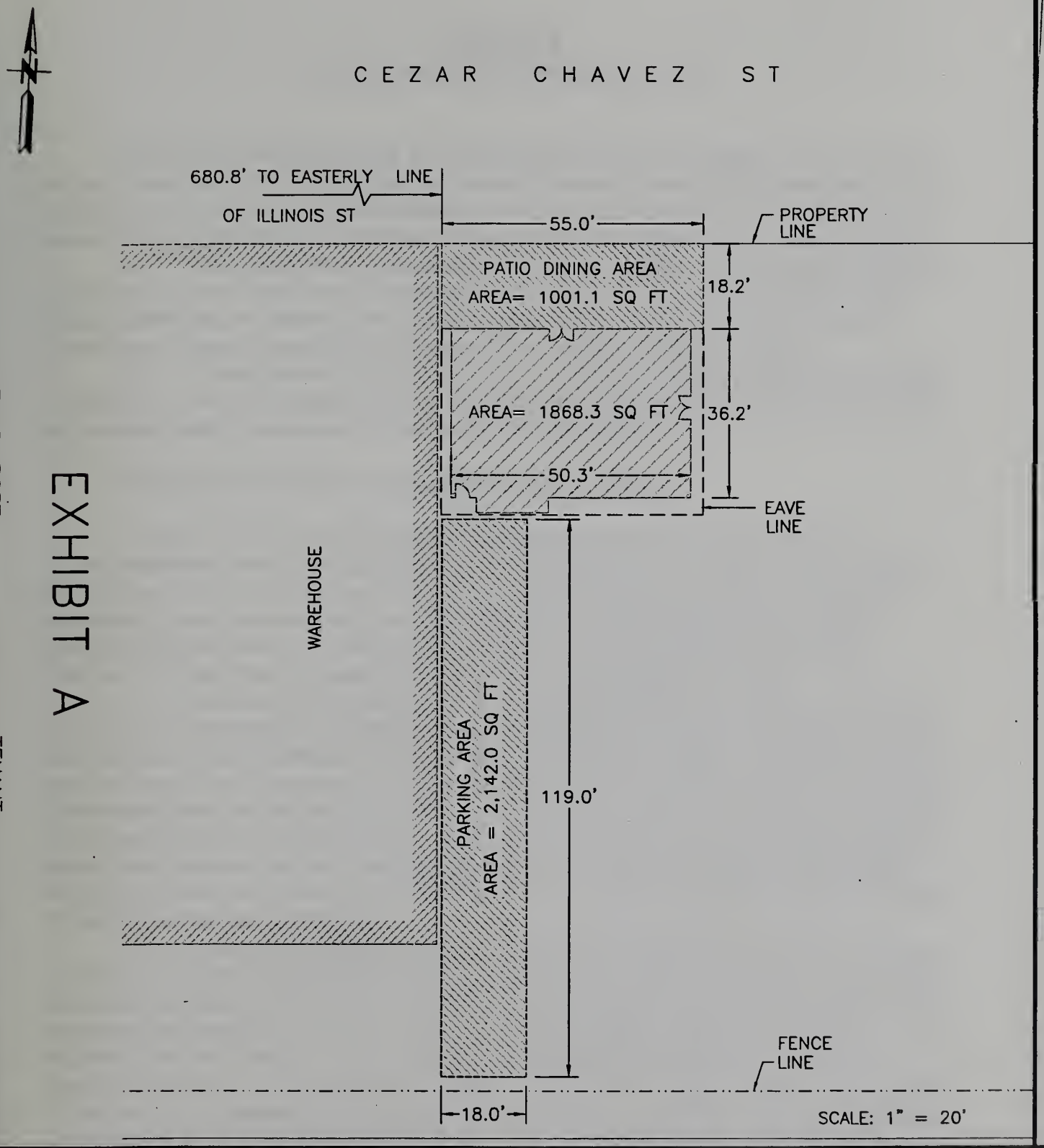
RESOLVED, that the Port Commission authorizes staff to negotiate a satisfactory resolution to all outstanding issues during the exclusive negotiation period; and be it further

RESOLVED, that the City Planning Department's Office of Environmental Review has determined that additional environmental review is not required for the project as identified in the RFP. If, through exclusive negotiations, actions and activities are identified that would require additional environmental review, and if such additional environmental review identifies significant adverse impacts that have not been mitigated, the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project, (3) reject the project as proposed if the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project, or (4) approve the proposed project upon a finding that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 18, 2001.

_____
Secretary

EXHIBIT A



LEASE NO.

SAN FRANCISCO PORT COMMISSION

PORT OF SAN FRANCISCO

EXHIBIT B
EXCLUSIVE RIGHT TO NEGOTIATE

THIS EXCLUSIVE RIGHT TO NEGOTIATE ("Exclusive Right") is entered into as of this 19th day of April, 2001, by and between the **City and County of San Francisco** ("City"), acting by and through its **Port Commission** ("Port"), and Cliff's BBQ and Seafood (referred to hereinafter as "Cliff's") upon the following facts, intentions and understandings of the parties:

A. Cliff's desires to obtain an exclusive right to negotiate a lease for the operation of a restaurant located at 601 Cesar Chavez Street in the City and County of San Francisco (the "Site"), under the general terms and conditions agreed upon by Port and Cliff's herein and subject to all required permits and regulatory approvals being obtained by Cliff's.

B. The parties now desire to enter into this Exclusive Right to Negotiate to set forth the terms and conditions upon which Port and Cliff's will enter into lease negotiations and seek to complete written lease documents for Port Commission approval.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term. The term of this Exclusive Right shall commence on April 19, 2001 ("Commencement Date"), and shall expire on August 18, 2001 unless extended in accordance with Section 2 below ("Expiration Date"). The term of this Exclusive Right, including any extensions, is hereinafter referred to as the "Exclusive Negotiation Period." During the Exclusive Negotiation Period, the Port will not solicit or consider any other proposals or negotiate with any other developer with respect to the development of the Site.

a. Negotiating Fee Amount. Upon execution of this Exclusive Right, Cliff's shall deliver to Port the sum of Five Thousand Dollars ($5,000.00) as a fee for the right to negotiate with the Port during the Exclusive Negotiation Period ("Negotiating Fee"). Except as otherwise provided herein, the Negotiating Fee shall be non-refundable and shall be applied to the Security Deposit and Base Rent obligations of Cliff's under the terms of any lease agreement entered into by Port and Cliff's and affecting the Site. In the event that Cliff's is unable to secure all of the permits and regulatory approvals necessary to operate a restaurant at the site, despite Cliff's diligently initiated and pursued good faith efforts to do so, the Negotiating Fee shall be retained by the Port on the Expiration Date.

b. Security Instrument. In lieu of depositing the Negotiating Fee to Port in cash as provided in Section 1.a. above, Cliff's may deliver to Port a security instrument such as a letter of credit or certificate of deposit; (a "Security Instrument") provided however, that said security instrument shall be (a) in a form and issued by a surety company or financial institution acceptable to Port in Port's sole discretion, (b) made payable only to Port and able to be liquidated without any action required by Cliff's, and (c) in a sum equal to the amount specified in Section 1.a. and adequately cover penalty charges and/or administrative fees imposed for early liquidation of the security instrument. The form of security instrument may be changed from time to time by mutual consent of Port and Cliff's. If Cliff's elects to deposit a certificate of deposit or other interest bearing instrument as a security deposit, Cliff's shall be entitled to all interest payable on such certificates or instruments as the same becomes due if Cliff's has made

arrangements for such interest payments to be made directly to Cliff's by the financial institution issuing such certificates or instruments. Port shall have no responsibility to pay, nor to make arrangements for payment, to Cliff's of interest accruing on such certificates or instruments but in any event shall have no right to retain said interest. If Cliff's deposits certificates of deposit or other interest-bearing instruments as a security deposit, Cliff's shall renew or replace such instrument not later than ten days prior to expiration thereof, and, if Cliff's fails to do so, Port shall be entitled to cash such instrument and to hold the funds so obtained as the Negotiating Fee required pursuant to Section 2.

If Tenant elects to use a letter of credit as a Negotiating Fee, Cliff's shall keep the same, at its expense, in full force and effect throughout the Negotiating Period and until the sixtieth (60th) day after the Expiration Date or other termination hereof. Such letter of credit shall provide for sixty (60) days' prior written notice to Port by the issuing institution in the event of non-extension, cancellation or material change thereof. In such event, Cliff's shall replace the letter of credit at least ten days prior to expiration thereof, and, if Cliff's fails to do so, Port shall be entitled to present its written demand for payment of the entire face amount of said letter of credit and to hold the funds so obtained as the Negotiating Fee, or Option Payment referenced in Section 2 hereof.

2. Extension of Negotiating Period.

a. Option Period. Cliff's shall have two (2) one-month options (each an "Option Period") to extend the Exclusive Negotiation Period, commencing on August 19, 2001. Cliff's shall exercise each option to extend by written notice of the exercise of such option delivered with cash, or a security instrument of One Thousand Dollars ($1,000.00) per Option Period as an addition to the negotiating fee (each an "Option Payment") to Port at the address for notice set forth in Paragraph 8 below, not less than ten (10) days prior to the commencement of the next Option Period. In the event that the parties have been unable to execute a lease prior to the expiration of the original term of this Exclusive Right (or the preceding Option Period, if applicable) due solely to the failure of the San Francisco Department of City Planning Office of Environmental Review ("OER") to complete its environmental evaluation or a complete application timely submitted to OER by Cliff's in time for execution of a lease, or the non culpable failure of Cliff's to secure all of the permits and other regulatory approvals to operate a restaurant on the Site, despite Cliff's having diligently initiated and pursued efforts to do so, Port shall waive its rights to the appropriate Option Payment. This waiver shall not apply if Cliff's causes the delay by its failure to comply with requests for information or other OER requirements or if Cliff's fails to timely initiate and diligently pursue securing of all other required permits and regulatory approvals.

b. Option Payment Non-Refundable. Each Option Payment shall be subject to the provisions of Section 1.a. and 1.b. except as otherwise provided herein. Cliff's failure to exercise any Option Period in accordance with this paragraph 2 shall extinguish all future Option Periods and shall terminate this Exclusive Right as of the last date of the Term or the applicable Option Period.

3. Negotiation of Lease. During the Exclusive Negotiation Period, Port and Cliff's shall seek to complete a lease which shall meet all leasing parameters as approved by the Port Commission. Both parties hereto agree to diligently and continuously negotiate the terms of such a lease in good faith.

The terms and conditions of lease shall be in substantial conformity with the terms and conditions set forth in Exhibit 1 attached hereto which have been agreed upon by the parties; provided, however, such terms are subject to change by mutual agreement of the parties. The parties acknowledge that the terms and conditions on Exhibit 1 merely purport to set forth general principles upon which the parties have agreed; and do not commit the Port to entering into a lease. Any binding lease shall be subject to review and approval by the parties, their respective legal counsel, the San Francisco Port Commission, San Francisco Board of Supervisors (if required). The parties further acknowledge that certain regulatory approvals are required for the use of the Site (collectively "Regulatory Approvals"), including, but not limited to, all necessary approvals from the Bay Conservation and Development Commission ("BCDC") and environmental review by the Office of Environmental Review of the City and County of San Francisco ("OER") pursuant to the California Environmental Quality Act ("CEQA"). Environmental review by OER shall be completed prior to the approval of any lease by the Port, and the Port will not approve any such lease unless the Port has considered the environmental review documents and determined that the project is exempt under CEQA or the project would have no significant adverse effects on the environment or, if any significant adverse effects are identified, the Port must find that such adverse impacts have been mitigated, required changes in the project to mitigate such impacts, or else made a statement of overriding considerations as provided in CEQA. The effectiveness of any such lease shall be conditioned upon Cliff's obtaining all other required Regulatory Approvals.

4. Regulatory Approvals, Submittals, and Disclosures.

a. Cliff's Obligations. Except as provided in subsection 4.b below, Cliff's agrees:

(i) It shall diligently and in good faith initiate applications to pursue all Permits and Regulatory Approvals;

(ii) It shall be solely responsible for obtaining all Permits and Regulatory Approvals, and Cliff's shall not seek any Permit or Regulatory Approval without first obtaining the approval of Port;

(iii) It shall bear all costs associated with or complying with any necessary, Permit or Regulatory Approval except those costs incurred by the Port in complying with subsection 4.b, below;

(iv) It will pay and discharge any fines or penalties imposed as a result of the failure of Cliff's to comply with the terms and conditions of any Permit or Regulatory Approval, and Port shall have no liability, monetary or otherwise, for said fines and penalties.

b. Port's Obligations. Port agrees that it will promptly cooperate with Cliff's in filing for, processing and obtaining all Permits and Regulatory Approvals, and to the extent required by any regulatory agency issuing a Permit and Regulatory Approval, it will join with Cliff's as co-applicant in filing, processing and obtaining all Permits and Regulatory Approvals necessary for the permitted uses. Nothing contained herein shall be deemed to limit or otherwise constrain Port's discretion, powers and duties as a regulatory agency of the City with certain police powers.

c. Indemnification. To the fullest extent permitted by law, Cliff's agrees to indemnify and hold City, Port and their officers, agents and employees harmless from and against any loss, expense, cost, damage, attorneys' fees, penalties, claims or liabilities which City or Port may incur as a result of Cliff's failure to obtain or comply with the terms and conditions of any Permit or Regulatory Approval regarding Cliff's operations at the Site.

d. Submittal of Information. Cliff's agrees to submit to Port, OER, BCDC and any other regulatory agency having approval over the project, all specifications, descriptive information, studies, reports, disclosures and any other information required to satisfy the application filing requirements of those agencies.

5. Non-Assignment. The parties acknowledge that Port is entering into this Exclusive Right on the basis of the special skills, capabilities and experience of Cliff's. This Exclusive Right is personal to Cliff's and is non-assignable without the written approval of the Port Executive Director.

6. Default.

a. Event of Default. The occurrence of any of the following shall constitute a default by Cliff's after notice of the default and the expiration of the applicable cure period, if any:

(a) Failure to pay any sums due hereunder when due.

(b) Failure to perform or abide by any other provision of this Exclusive Right if such failure is not cured within twenty (20) days after notice has been given to Cliff's. If the default cannot reasonably be cured within 20 days, Cliff's shall not be in default of this Exclusive Right if Cliff's commences to cure the default within the 20-day period and diligently and in good faith continues to cure the default.

(c) Either (a) the filing by Cliff's or its corporate parent of a petition to have Cliff's adjudicated insolvent and unable to pay its debts as they mature or a petition for reorganization or arrangement under any bankruptcy or insolvency law, or a general assignment by Cliff's or its corporate parent for the benefit of creditors; or (b) the filing by or against Cliff's or its corporate parent of any action seeking reorganization, arrangement, liquidation, or other relief under any law relating to bankruptcy, insolvency, or reorganization or seeking appointment of a trustee, receiver, or liquidator of Cliff's or its corporate parent or of any substantial part of Cliff's assets or those of its corporate parent.

b. Port's Remedies. In the event of default, Port, at its option, may terminate this Exclusive Right upon written notice to Cliff's, sent in accordance with Section 8 below. This remedy is not exclusive, but shall be cumulative with any remedies now or later allowed by law.

7. Attorneys Fees In the event of any action or proceedings at law or in equity between the Port and Cliff's to enforce any provision of this offer to protect or establish any right or remedy of either party to this agreement, the unsuccessful party to such litigation shall pay to the prevailing party all costs and expenses as determined by the court, including reasonable attorneys' fees, incurred therein by such prevailing party; and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorney's fees shall be included in and as a part of such judgment. For purposes of this Exclusive Right, reasonable fees of attorneys of the Office of City Attorney shall be based on the fees regularly charged by private attorneys with an equivalent number of years of professional experience (calculated by reference to earliest year of admission to the Bar of any State) who practice in the City in law firms with approximately the same number of attorneys as employed by the Office of City Attorney.

8. Notices. Any notice given under this Exclusive Right shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties,

copies of notices may also be given by telefacsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Port:	**Commercial Property Manager** **Port of San Francisco** **Room 3100, Ferry Building** **San Francisco, CA 94111** **Facsimile: (415) 274-0578** **Telephone: (415) 274-0510**
Cliff's:	**Mr. Clifton Turner** **2177 Bayshore Boulevard** **San Francisco, CA 94110** **Facsimile: (415) 330-9813** **Telephone: (415) 330-0736**

In the event that Cliff's must be legally served, Cliff's 's agent for service of process is the same as above.

Any mailing address or facsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Exclusive Right shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A person may not give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, original, of a facsimile copy of the notice.

9. City Requirements

a. Non-Discrimination.

(i) Covenant Not to Discriminate. In the performance of this Lease, Tenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identify, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of any City employee working with or applicant for employment with Tenant, in any of Tenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant.

(ii) Subleases and Other Subcontracts. Tenant shall include in all subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such subtenant or other subcontractor in substantially the form of subsection (i) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2 (a), 12B.2 (c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply such provisions.

Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this lease.

(iii) Non-Discrimination in Benefits. Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits (collectively "Core Benefits") as well as any benefits other than the Core Benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12.2(b) of the San Francisco Administrative Code.

(iv) HRC Form. On or prior to the Lease Commencement Date, Tenant shall execute and deliver to Port the "Nondiscrimination in Contracts and Benefits" form approved by the San Francisco Human Rights Commission.

(v) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of $50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

b. MacBride Principles-Northern Ireland. City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages such companies to abide by the MacBride Principles. City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

c. Tropical Hardwood Ban. City urges Cliff's not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood wood products, virgin redwood or virgin redwood wood products.

d. Burma (Myanmar) Business Prohibition. Cliff's represents to Port that Cliff's is not the government of Burma (Myanmar), that Cliff's is not a person or business entity organized under the laws of Burma (Myanmar), and that Cliff's is not a "prohibited person or entity," defined in Section 12J.2.G. of the San Francisco Administrative Code as any person or entity designated by the Investor Responsibility Research Center as having investments or employees in Burma, or any person or entity that licenses any person or entity organized under the laws of Burma (Myanmar) to produce and market its products. Port reserves the right to terminate this Lease for default if Cliff's violates the terms of this section 9.d.

Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Cliff's to comply with any of its requirements shall be deemed a material breach of this Exclusive Right. In the event Cliff's fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco

Administrative Code, Cliff's shall be liable for liquidated damages for each violation in the amount of One Thousand Dollars ($1,000.00).

(e) Captions Used. Captions or titles utilized in the terms and conditions of this Exclusive Right are used for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

(f) Time is of the Essence. Time is of the essence of each provision of this Exclusive Right.

(g) First Source Hiring. The City has adopted a First Source Hiring Ordinance (San Francisco Administrative Code §83.1 et. seq.) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry-level positions. Pursuant to §83.7(b) of the First Source Hiring Ordinance, the Port Commission has adopted a First Source Hiring Implementation and Monitoring Plan ("Port Plan") subject to approval by the First Source Hiring Administration. Tenant acknowledges receiving and reviewing the First Source Hiring Ordinance. Under Section 83.9(d) of the first Source Hiring Ordinance, compliance by an employer with the Port Plan is deemed to be compliance with the provisions of the First Source Hiring Ordinance.

Based on the foregoing Tenant agrees to comply with the Port Plan through compliance with all of the following measures:

(a) Tenant shall notify the City and County of San Francisco's Workforce Development System, Department of Human Services of all projected Entry Level Positions and the approximate date such positions will be available, by using the ***Job Survey Form*** provided by the Port of San Francisco. The Port will also provide the Tenant with a detailed instruction sheet summarizing the procedure for the commencement of the lease. Tenant shall return the ***Job Survey Form*** to the Port within 30 days after execution of the lease by the Port and Tenant.

For purposes of this Agreement the terms "Entry Level Position", "San Francisco Workforce Development System", "Qualified Economically Disadvantaged Individual", and "First Source Hiring Agreement" shall have the meaning provided in Section 83.4 of the San Francisco Administrative Code.

Tenant shall notify the San Francisco Workforce Development System of all vacancies for existing or new Entry Level Positions on the premise, during the lease term, and shall offer the San Francisco Workforce Development System the first opportunity to provide Qualified Economically Disadvantaged Individuals for employment in these positions.

(b) Tenant shall not publicize or otherwise post such vacancies until the San Francisco Workforce Development System refers Qualified Economically disadvantaged Individuals for employment in these positions or notifies Tenant that no Qualified Economically Disadvantaged Individuals are available for the particular vacancies. The San Francisco Workforce Development System shall respond to Tenant within ten (10) business days. After 10 business days, if the San Francisco Workforce Development System does not refer applicants, Tenant can advertise and fill Entry Level Positions outside of the City referral system.

(c) Tenant shall interview qualified applicants and use good faith in hiring applicants. Tenant shall maintain good records of recruitment and hiring process, and shall permit Port or City to audit such records upon request.

Pursuant to Section 83.10 of the Ordinance, if upon administrative review, it is determined that Entry Level positions were not made available to the San Francisco

Workforce Development system for referral of Qualified Economically Disadvantaged Individuals, and the Employer does not remedy the violations, the Employer shall be assessed a penalty in the amount of $2,070 for every new hire for an Entry Level Position improperly withheld from the First Source Hiring process.

WHEREFORE, this Exclusive Right to Negotiate was executed by the parties hereto on the last date set forth hereinbelow.

PORT:
CITY AND COUNTY OF SAN FRANCISCO,
A municipal corporation, operating
by and through the SAN FRANCISCO
PORT COMMISSION

By_____
Theresa Picon
Director of Real Estate

Dated:_____

TENANT:
CLIFF'S BBQ AND SEAFOOD

By_____
Its _____

Dated:_____

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By_____
Deputy City Attorney

Dated:_____

Prepared By: Phil Williamson, Senior Property Manager _____
(Initials)

EXHIBIT 1: PRINCIPLES AND TERMS FOR NEGOTIATIONS

Landlord	Port of San Francisco
Tenant	Cliff's BBQ & Seafood
Party to the Exclusive Right to negotiate	Cliff's BBQ & Seafood
Lease Term	20 years
Options	None
Rent	
Annual Minimum	To be negotiated, but in no event less than $56,000 per year
Annual Minimum Rent During Construction	To be negotiated
Percentage	First year: 4% of gross receipts (less sales tax) versus minimum rent. Increases to 7% of gross receipts by the end of year 5
Rent Credits	None
Escalations	To be negotiated
Premises	5,011 square foot site, as shown on attachment; 1,868 square foot building footprint with 1,001 square foot patio and 2,142 square foot parking area
Condition of Site	To be negotiated
Estimated construction Cost	$172,000
Minimum equity Contribution	$50,000
Loan	$250,000
Shareholders	Clifton Turner

EXHIBIT 1: PRINCIPLES AND TERMS FOR NEGOTIATIONS (continued)

City Requirements	Tenant will comply with all City requirements, including non-Discrimination in Contracts and Property Contracts, Tropical Hardwood and Virgin Redwood Ban, City Business with Burma Prohibited, MacBride Principles – Northern Ireland, Tobacco Products Advertising Ban, San Francisco Integrated Pest Management Program, Employee signature Authorization, Ordinance and First Source Hiring Initiative.

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PORT OF SAN FRANCISCO

MEMORANDUM

April 11, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to enter into a professional services contract with the consultant team led by Economic Research Associates to provide planning services and develop a concept design for the Brannan Street Wharf.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ENTER INTO A CONTRACT WITH THE CONSULTANT TEAM LED BY ECONOMIC RESEARCH ASSOCIATES FOR THE NOT TO EXCEED FEE OF $150,000.

BACKGROUND

Brannan Street Wharf Project

The Port has committed itself to development of the Brannan Street Wharf (Project) as a new open space on the waterfront. The project is being developed pursuant to its open space planning policies and its joint agreement with the Bay Conservation and Development Commission (BCDC). The Brannan Street Wharf is identified in the Port's Waterfront Design & Access Element as a major neighborhood and destination open space, in BCDC's amended Special Area Plan, and in the Department of City Planning's Northeast Waterfront plan.

The Project site is located at the edge of the South Beach neighborhood between Pier 30-32 and Pier 38 and includes two piers intended for removal (Piers 34 and 36). As currently planned, the project area runs along the east edge of the Embarcadero Promenade and may widen the existing marginal wharf area and include other features that extend over the water. The total area of the Project site is approximately 2.5 acres.

This Print Covers Calendar Item No. 9A

The Brannan Street Wharf will be located adjacent to the planned James R. Herman Cruise Terminal on Pier 30-32. The Cruise Terminal project will include a substantial amount of public access and open space throughout its site and, particularly, along the south edge adjacent to the Project site. Planning these two projects at the same time will enable coordination of the design of the open space areas. The Brannan Street Wharf will be the main open space for the South Beach neighborhood. The uses for the open space will be developed through the planning process, and may include active, passive, and community uses.

Consultant Request for Qualifications

On September 17, 1999, Port staff issued a request for qualifications from teams of consultants with multidisciplinary expertise to provide services for waterfront planning and development projects ("Consultant RFQ"). The purpose of this Consultant RFQ was to pre-qualify consultant teams from whom the Port could solicit proposals for planning and development consulting services. The Port required each consultant team to be led by a real estate economics-consulting firm ("Lead Consultant"), but could include sub-consultants. Pursuant to San Francisco Administrative Code Section 12D, sub-consultant participation goals of 15% for Minority Business Enterprises (MBEs) and 5% for Woman Business Enterprises (WBEs) were established for the total contract dollars expended by the Port through this Consultant RFQ process.

The following six consultant teams (listed alphabetically by the Lead Consultant) responded to the consultant RFQ: Bay Area Economics, Economic & Planning Systems, Economic Research Associates, Hausrath Economics, Keyser Marston Associates, Inc., and the Sedway Group. Port staff determined that all six consultant teams met the minimum qualifications in the consultant RFQ, and all six responding consultant teams were placed on the list of qualified consultant teams for future planning and consulting contracts.

Consultant Request for Proposals

On November 20, 2000, Port staff requested proposals from four of the consultant teams for consulting services for the planning and design of the Brannan Street Wharf. The proposed scope of work requires the successful consultant to produce a plan that will generate community interest and support, and develop materials and implementation strategies to seek the funding necessary to complete construction of the Project. The Port envisions several work products from this project: (1) an existing conditions survey of the wharf areas and Pier 36; (2) a final printed report of the concept design plan; (3) a report of project costs; and (4) graphic presentation materials for use at future public hearings and in grant proposals. The successful consultant team will be responsible for developing the concept design plan, overseeing and incorporating community participation, integrating the major concepts of the Port's, BCDC's and the Department of City Planning's planning documents, providing technical documentation regarding the condition of the wharf, and cost estimates for the development of the Project.

Port staff, working with BCDC, will form a Citizen Advisory Committee (CAC) specifically for the Brannan Street Wharf. The CAC will be composed of members of the South Beach/Rincon Point Citizens Group, other residents, merchants, and City and region-wide stakeholders. Port staff also anticipates the project will require public workshops, the form and content of which shall be negotiated with the selected consultant.

The RFP requested that the consultant team include professionals with the following expertise:

- Project Management
- Engineering Services
- Feasibility Analysis
- Urban Design and Landscape Architecture
- Facilitation/Community Outreach
- Cost Estimation
- Graphic Design
- Illustration

The Consultant RFP requested the following information from respondents:

1. An introduction and executive summary of the proposal.
2. Team qualifications including identity of person/firm and their role on the project, description of expertise and qualifications of the project team members, and comparable projects.
3. A project approach for the planning process, a breakdown of work tasks and responsibilities, and a project schedule.
4. References.
5. A fee structure.
6. A statement of compliance with certain City requirements Human Rights Commission requirements.

The Port's evaluation panel reviewed the RFP responses according to the following RFP criteria:

A. Project Approach (50 points)

1. Understanding of the project and the tasks to be performed;
2. Proposed scope for the public planning process; and
3. Demonstration of the ability to successfully lead a public planning and design process.

B. Experience of Team Members (40 points)

1. Expertise of the consultant teams in performing the work in the fields necessary to complete the tasks outlined in the scope of work;
2. Demonstrated ability to lead a public planning and design process;
3. Quality of recently completed projects including adherence to schedules, deadlines, and budgets;
4. Familiarity with waterfront context of the project; and
5. Results of reference checks.

C. Schedule (10 points)

1. Reasonableness of work schedule.

The following table summarizes the rating scores given by the evaluation panel to the three proposals received from Bay Area Economics ("BAE"), Economics Research Associates ("ERA"), and Keyser Marsten Associates. This table indicates the members of the consultant teams and their responsibilities, project managers, MBE or WBE status, and the percentage of the fee proposal allocated to MBE/WBE sub-consultants.

Lead Consultant and Role	**Bay Area Economics** (WBE): Feasibility analysis	**Economic Research Associates:** Feasibility analysis	**Keyser Marsten Associates:** Feasibility analysis
Subconsultant Role	**EDAW, Inc:** project management, urban design and landscape architecture, public outreach, graphic design, cost estimating **Olivia Chen Consultants** (WBE/MBE): marine engineering, civil engineering, cost estimating **Thomas Prosek:** illustrations	**Sasaki Associates**: project management, urban design and landscape architecture **Real Estate Planning Strategies** (WBE): public outreach **Han-Padron Associates**: marine engineering **Olivia Chen Consultants** (WBE/MBE): civil engineering **CHS Consulting Group** (MBE) transportation planning **Arcost** (MBE): cost estimating	**BMS Design Group** (WBE): project management, urban design and landscape architecture, community participation **Office of Michael Manwaring**: environmental and graphic design **Ken Smith**: landscape architecture **James Leritz**: illustrations **EHDD**: architecture **Moffatt and Nichol**: marine engineering and cost estimating
Percentage of Fee allocated to MBE/WBE sub-consultants	22%	21%	43%
Evaluation score:	87 (includes 10% HRC bonus)	93	86

EVALUATION OF PROPOSALS AND RECOMMENDATION

The evaluation panel consisted of six members representing the Port, BCDC, Save the Bay, the California Coastal Conservancy, and the San Francisco Redevelopment Agency. The panel evaluated the proposals using the evaluation criteria indicated in the Consultant RFP. The review panel scored the ERA proposal overall the most responsive to the Consultant RFP, both before and after applying rating bonuses pursuant to Chapter 12D of the San Francisco Administrative Code. The following factors account for the superior responsiveness, and, evaluation score, assigned to ERA's proposal:

Economic Research Associates (ERA) scored highest because of their extensive waterfront experience, including experience on the San Francisco waterfront, their engineering expertise, and their knowledge of the surrounding community and other potentially interested parties. ERA exhibited experience in feasibility analysis for similar open space developments in Colorado and in Oregon. Sasaki Associates exhibited strong local waterfront experience through their urban design

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-25

WHEREAS, the Port Commission adopted the Waterfront Land Use Plan and the Waterfront Design & Access Element on June 24, 1997, and within the Waterfront Design & Access Element the Brannan Street Wharf is identified as a major new open space for the San Francisco waterfront; and

WHEREAS, the Port Commission entered into a joint agreement with the Bay Conservation and Development Commission in July, 2000 to develop the Brannan Street Wharf as a major new open space on the San Francisco waterfront; and

WHEREAS, Port staff on September 17, 1999, issued a request for qualifications from teams of consultants with multidisciplinary expertise to provide consulting services for waterfront planning and development projects, including the Brannan Street Wharf concept design ("Consultant RFQ"), and Port staff, with the assistance of representatives of the Human Rights Commission, undertook good faith efforts to ensure that disadvantaged minority and woman owned business enterprises were given an opportunity to submit a proposal or participate on a consultant team as a sub-consultant; and

WHEREAS, Port staff received responses to this Consultant RFQ from six consultant teams, all of which were determined by Port staff to have met the minimum qualifications indicated in the Consultant RFQ, and all six consultant teams were placed on the Port's list of Qualified Consultant Teams to provide consulting services; and

WHEREAS, On November 20, 2000, the Port issued a Consultant RFP, requesting proposals from four of the Consultant Teams to provide consulting services for the planning and concept design of the Brannan Street Wharf; and

WHEREAS, Port staff received three responses to this Consultant RFP from consultant teams led by Bay Area Economics ("BAE"), Economics Research Associates ("ERA"), and Keyser Marsten Associates; and

WHEREAS, As summarized in the Memorandum in Agenda Item 9A for the April 18, 2001, Port Commission meeting, Port staff evaluated the three proposals, using the evaluation criteria indicated in the Consultant RFP, and rated the ERA proposal as more responsive to the Consultant RFP than the BAE or Keyser Marsten proposals; and

WHEREAS, Port staff has negotiated a not-to-exceed fee of $150,000 with ERA for necessary services for the planning and concept design for the Brannan Street Wharf project; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes and directs the Executive Director of the Port, or his designee, to enter into a contract with ERA at a fee not-to-exceed $150,000 for the consulting services indicated in the Memorandum for Agenda Item No. 9A for the April 18, 2001 Port Commission meeting.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 18, 2001.

_____
Secretary

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work on the Embarcadero Roadway and, recently, on the bus shelters for both the north and south sections of the Embarcadero. Sasaki Associates also demonstrated recent national waterfront experience in San Diego, Sacramento and Washington. Real Estate Planning Strategies exhibited extensive knowledge of waterfront planning processes by recent work on Mission Bay, the Broadway Hotel on Seawall Lot 324, and the Bryant Street Pier project.

In comparison, both BAE and Keyser Marsten Associates also showed significant design experience and marine construction experience. However, the panel concluded that ERA's combined experience in waterfront design, public process, and engineering, is the most extensive and best tailored for this particular project.

Port staff therefore recommends that the Port Commission authorize Port staff to enter into a contract with the consultant team lead by ERA for the Brannan Street Wharf concept design for the negotiated not-to-exceed fee of $150,000.00. The funding for the concept design is from a California Coastal Conservancy grant of $100,000 and a required 50-percent match of $50,000 from the Port's 99-00 operating budget.

Prepared by: Dan Hodapp
Senior Waterfront Planner

PORT OF SAN FRANCISCO

MEMORANDUM

April 12, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Extension of Exclusive Negotiations for Embarcadero Hotel Project at Broadway on Seawall Lots 323, 324 and 322-1

DIRECTOR'S RECOMMENDATION: APPROVE EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE WITH STANFORD HOSPITALITY, INC.

BACKGROUND

In November 1998, the Port issued a Request for Qualifications and Proposals ("RFQ/P") for the lease, development and operation of a first-class, full-service hotel on Seawall Lots 323, 324 and 322-1 and a City-owned parcel at the corner of Broadway and The Embarcadero (See Exhibit A attached hereto). Three respondents submitted qualifications. In March 1999 the Port Commission invited two respondents to submit proposals for the hotel by May 18, 1999. Stanford Hospitality, Inc. ("Stanford") was the only respondent to submit a proposal.

On August 10, 1999, by Resolution No. 99-62, the Port Commission authorized Exclusive Negotiations with Stanford, and a negotiating fee of $100,000 was paid to the Port. On November 8, 1999 Stanford and the Port executed an Exclusive Right to Negotiate agreement for the initial period of November 8, 1999 to May 7, 2000, with two six-month extension options. Stanford exercised the two options to extend on May 1, 2000 and October 31, 2000, and the Port waived the extension fee (per the agreement) because environmental review had not been completed. The agreement expires on May 7, 2001.

On February 13, 2001, Stanford made an informational presentation to the Port Commission describing the project, which comprises approximately 450 guest rooms and suites, restaurants, meeting rooms, a European spa, fitness center and underground parking.

THIS PRINT COVERS CALENDAR ITEM NO. 9B

BENEFITS OF THE HOTEL PROJECT
The hotel will bring many public and financial benefits to the Port and to the City, including the following:

- It will attract people to the waterfront, energize the neighborhood and create a gateway to the Chinatown and North Beach neighborhoods
- It is an allowed Trust use and one of the only sites on Port property where a full-service hotel is allowed and feasible
- It will provide community meeting space for residents
- It will provide parking for visitors to the waterfront
- It will create jobs
- It will provide rental revenue to the Port and the City and hotel taxes for arts and neighborhood organizations
- It will provide approximately $300,000 in revenue to support childcare through development exaction fees
- It will provide approximately $3,360,000 for the affordable housing fund through development exaction fees

ACCOMPLISHMENTS DURING EXCLUSIVE NEGOTIATION PERIOD
During the period of exclusive negotiations to date, Stanford has developed schematic design plans and undertaken several revisions of these plans to address operator needs, community concerns, design comments and operational issues. Stanford has initiated negotiations with hotel operators and has initiated discussions with potential restaurant and retail tenants. The developer has filed the Application for Environmental Review with the Planning Department and is undertaking traffic, shadow and other studies. Stanford has made presentations to various neighborhood groups and to the Port's *Northeast Waterfront Advisory Group.*

STEPS STILL TO BE COMPLETED
Additional time is needed to finalize the schematic plans, elevations, renderings and model based on neighborhood input; complete environmental review; apply for and receive a Conditional Use authorization and Certificate of Appropriateness from the Planning Department; vacate the street parcels in the project site and complete the MOU between the Port and the City for the transfer of the City-owned parcel (Parcel C); complete negotiations and drafting of the development agreement and lease; receive final review and approval from the WDAC for the design; conduct site investigation and prepare the Phase II environmental site assessment; obtain lender commitment letters; make the final selection of brand name and operator for the hotel; complete negotiations with H.E.R.E. Local 2; prepare construction documents and obtain the building permit.

STAFF RECOMMENDATION
Because of the many benefits of the hotel, and because of the complexity of the project, Port staff recommends that the Port extend the period for exclusive negotiations. Although it is anticipated that the above steps will require approximately one year to accomplish, Staff is

requesting at this time only an approximately six-month extension of the Exclusive Right to Negotiate agreement, to November 30, 2001. It is recommended that Stanford be required to pay a non-refundable extension fee of $50,000, due and payable by May 1, 2001, such fee to be credited towards rent if a lease is approved between the Port and Stanford. Further, it is recommended that during the next six months the developer be required to complete the following performance benchmarks:

- Prepare final schematic drawings, floor plans, elevations and renderings by September 1, 2001
- Publish the Draft Supplemental Environmental Impact Report by September 30, 2001
- Submit Conditional Use Application by September 15, 2001
- Submit Certificate of Appropriateness Application by September 15, 2001
- Present schematic design plans to the Waterfront Design Advisory Committee by October 1, 2001
- Initiate negotiations with H.E.R.E. Local 2
- By July 15, 2001 establish a schedule for obtaining all required approvals by May 31, 2002 and regularly update the schedule as necessary
- In consultation with Port staff establish a community action plan no later than May 15, 2001 outlining specific community outreach tasks for the project, and submit to staff, commencing as of June 1, 2001, bi-monthly written progress reports of the timely implementation of the plan
- Agree on specific performance benchmarks for any subsequent extension period prior to the extension request, if applicable

Prior to November 30, 2001 Stanford may request a further extension of time to May 31, 2002 in order to complete the regulatory process and obtain all required approvals. If the Port Commission determines, in its sole and absolute discretion, that the performance benchmarks stated above have been achieved, then the Commission will grant the extension request provided that Stanford agrees to pay a negotiating fee of $50,000 for the additional period of time.

Prepared by: Jennifer Sobol
Development Project Coordinator

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 01-29

WHEREAS, Charter, Section B3.581grants the Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the Port owns certain properties known as Seawall Lots 323, 324 and 322-1; and

WHEREAS, in November 1998, the Port issued a Request for Qualifications and Proposals for the lease, development and operation of a full-service, first-class hotel on these Seawall Lots; and

WHEREAS, Stanford Hospitality, Inc. submitted a response to the RFQ/P on May 18, 1999 which complied with the submittal requirements stated in the RFQ/P and which was reviewed and evaluated by Port staff; and

WHEREAS, based on this review, Port Staff recommended that the Port Commission enter into exclusive negotiations with Stanford Hospitality, Inc.; and

WHEREAS, The Port Commission reviewed the Port staff recommendation set forth in the Memorandum to Port Commissioners dated August 4, 1999, for Agenda Item 8A, and determined that Stanford Hospitality, Inc. met the qualification requirements for the hotel development; and

WHEREAS, based on this review, the Port Commission authorized exclusive negotiations with Stanford Hospitality, Inc. on August 10, 1999; and

WHEREAS, the Port and Stanford Hospitality, Inc. executed an Exclusive Right to Negotiate agreement on November 8, 1999 for a period of six months, with two six-month extension options;

WHEREAS, on May 1, 2000, Stanford Hospitality, Inc. exercised the first extension option period, and on October 31, 2000 Stanford Hospitality, Inc. exercised the second extension option period; and

WHEREAS, Stanford Hospitality, Inc. has undertaken development plans and sought environmental review in accordance with the Exclusive Right to Negotiate agreement; now therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director of the Port to enter into an amendment to the Exclusive Right to Negotiate agreement on the general terms set forth in the April 12, 2001 Memorandum to the Port Commission, including:

a) extension of the exclusive negotiating period to November 30, 2001;
b) certain performance benchmarks must be accomplished on or before November 30, 2001;
c) payment of a negotiating fee of $50,000 by May 1, 2001;
d) Prior to November 30, 2001 Stanford may request a further extension of time to May 31, 2002, and if the Port Commission determines, in its sole and absolute discretion, that the performance benchmarks have been met, then the Commission will grant the extension request provided that Stanford agrees to pay a negotiating fee of $50,000 for the additional period of time; and be it further

RESOLVED, that the Port will not enter into a final lease for the project which would allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 18, 2001.

_____
Secretary

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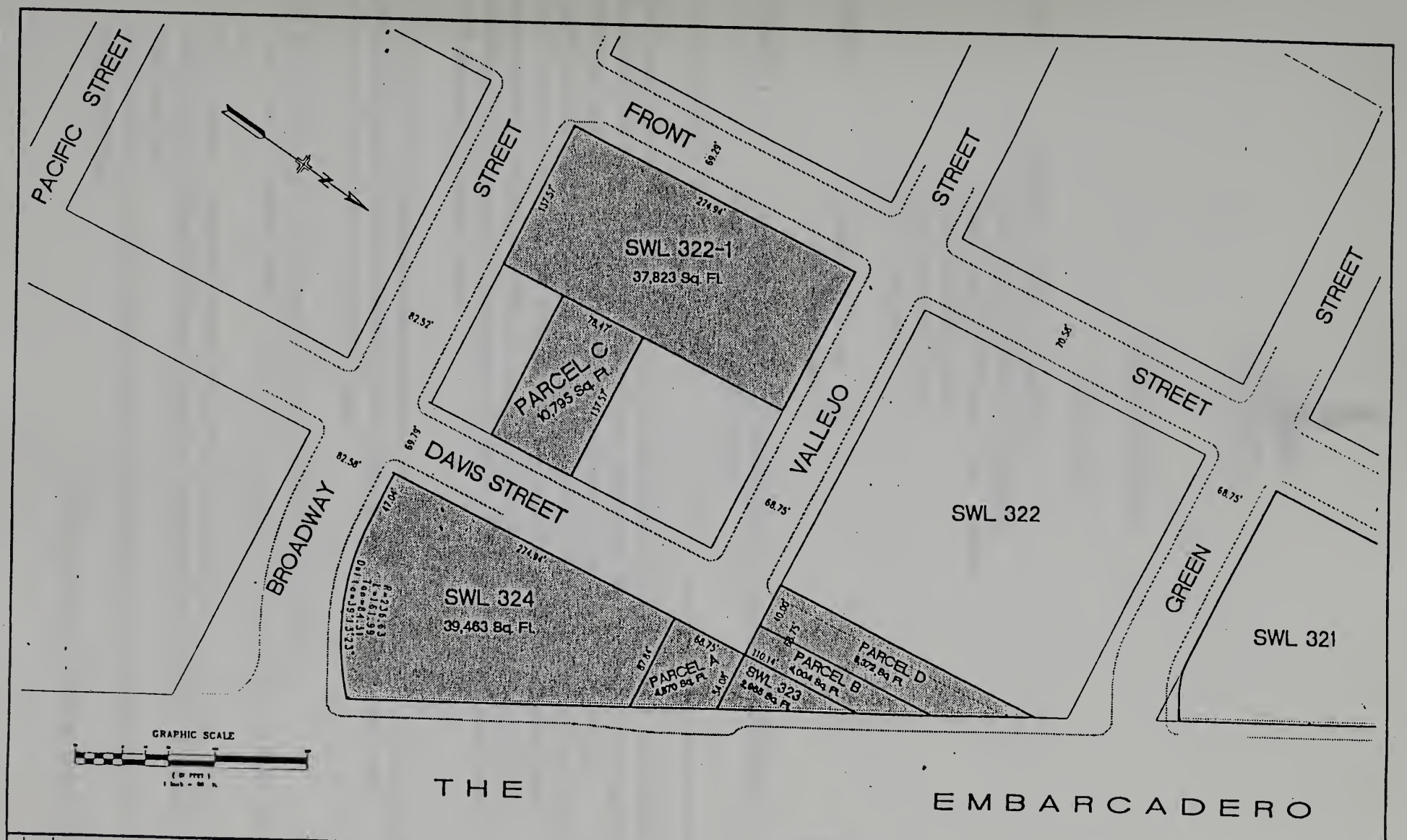
Exhibit A



	REFERENCE INFORMATION & FILE NO. OF SURVEYS	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ CHIEF HARBOR ENGINEER	BROADWAY - EMBARCADERO HOTEL DEVELOPMENT SITE FIGURE 1 -- SITE PLAN

DESIGNED BY: J. SOBOL	CHECKED BY: ----		
DRAWN BY: ALAN	DATE: 20 OCT 98		
CONTRACT NO.: CONTRACT	SCALE: 1" = 80'		
DRAWING NO.: XXXXX-XX-XX	SHEET NO.: 1		

PORT OF SAN FRANCISCO

MEMORANDUM

April 13, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Briefing on the Southern Waterfront Supplemental Environmental Impact Report

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There are a number of maritime and industrial leases and projects proposed in the Southern Waterfront area between Pier 70 and India Basin, which have been analyzed in the Southern Waterfront Supplemental Environmental Impact Report (SEIR). The SEIR analysis supplements environmental impact information relevant to the Southern Waterfront in the Final Waterfront Land Use Plan EIR. On February 15, 2001, the SEIR was certified as complete and in conformance with the California Environmental Quality Act and CEQA Guidelines. This memorandum provides a summary of its conclusions, and attaches the SEIR Summary for further details.

Prior to any Port Commission actions to approve leases or projects covered by the SEIR, the Commission must adopt CEQA findings acknowledging that all environmental impact information has been reviewed and considered.

The SEIR analyzed the environmental impacts of the following activities:

- Bode Gravel Company/Mission Valley Rock - proposed concrete ready-mix plant at Pier 92
- RMC Lonestar – proposed concrete ready-mix plant at Pier 80
- British Pacific Aggregates/Hanson Aggregates – aggregate bulk imports and concrete ready-mix plant
- ISG Resources – proposed import, storage and transloading of fly ash in the Pier 90 former grain silos

This Print Covers Calendar Item No. 9C

- Coach USA – proposed tour bus maintenance and repair facility at Pier 96
- Waste Management Inc. – proposed construction debris recycling facility at Pier 70
- Illinois Rail and Truck Bridge – proposed as a connection between the Port's North and South Marine Terminals across Islais Creek
- Dredged Materials Storage Operations – storage and transshipment of Bay mud removed during Port maintenance dredging of its terminal berths
- Increased cargo shipping activity at the North and South Marine Terminals
- Cumulative impacts that could be generated from uses on Port property or adjacent and nearby areas, including Pier 70 Development Opportunity Site, other industrial uses in the remaining Pier 70 area, and the Pier 90-94 Backlands, Mission Bay, Potrero Power Plant site.

The SEIR analyzed land use, transportation, air quality, hydrology, hazards, biology, and growth inducement impacts of the above combination of uses. In addition, the SEIR analyzed three use alternatives, the No Project, Reduced-Scale, and Residential Use Future Scenario.

The SEIR concluded that the majority of potentially adverse environmental impacts could be minimized or avoided by mitigation measures identified in the SEIR and the Waterfront Land Use Plan Final EIR. The SEIR concluded that the above-described combination of uses would result in significant, unmitigable traffic congestion at specified times at the following intersections: Mariposa Stree/I-280 southbound on-ramp; Mariposa Street/I-280 northbound off-ramp; Third/Mariposa Streets; and Evans Avenue/Cesar Chavez Street.

The combination of uses also would result in total project emissions of criteria air pollutants on a region-wide basis that would exceed Bay Area Air Quality Management District thresholds, mainly because the thresholds were established to assess individual projects rather than a combination of uses such as described above. The SEIR concluded that the combination of uses alone would not have significant adverse air quality effects. However, these uses would contribute to potentially significant cumulative air emissions from existing and possible future sources in the southeast area of the City. The cumulative concentrations of PM-10 and diesel particulate cannot be quantified because of the multitude of existing sources in the area. Therefore, to be conservative, these emissions are deemed cumulatively significant, although the uses assumed on Port property would not have a significant effect with regard to local concentrations of PM-10 or diesel particulates.

Submitted by: Diane Oshima
Manager, Waterfront Planning

San Francisco Planning Department

SAN FRANCISCO SOUTHERN WATERFRONT

Final Supplemental Environmental Impact Report

Planning Department Case No. 1999.377E
State Clearinghouse No. 94123007

Draft SEIR Publication Date: September 23, 2000
Draft SEIR Public Hearing Date: October 26, 2000
Draft SEIR Public Comment Period: September 23 to November 7, 2000
SEIR Certification Date: February 15, 2001

Changes from the text of the Draft SEIR are indicated by a line (|) in the margin.
Each new page and each new or revised graphic or table is indicated by a dot (•).

This report has been printed on post-consumer recycled paper/ESA 990267

SAN FRANCISCO

PLANNING COMMISSION

MOTION NO. 16093

ADOPTING FINDINGS RELATED TO THE CERTIFICATION OF A FINAL SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT FOR THE PROPOSED SAN FRANCISCO SOUTHERN WATERFRONT PROJECT LOCATED GENERALLY IN SAN FRANCISCO PORT JURISDICTION FROM PIER 70 SOUTH TO INDIA BASIN.

MOVED, That the San Francisco Planning Commission (hereinafter "Commission") hereby CERTIFIES the Final Supplemental Environmental Impact Report identified as Case File No. 1999.377E, (hereinafter "Project") based upon the following findings:

1) The City and County of San Francisco, acting through the Planning Department (hereinafter "Department") fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., hereinafter "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 et. seq., (hereinafter "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code (hereinafter "Chapter 31").

a. The Department determined that a Supplement to the Waterfront Land Use Plan EIR, Case No. 94.155E, was required and provided public notice of that determination by publication in a newspaper of general circulation on June 12, 2000.

b. On September 23, 2000, the Department published the Draft Supplemental Environmental Impact Report (hereinafter "DSEIR") and provided public notice in a newspaper of general circulation of the availability of the DSEIR for public review and comment and of the date and time of the Commission public hearing on the DSEIR on Thursday, October 26, 2000. This notice was mailed to the Department's list of persons requesting such notice.

c. Notices of availability of the DSEIR and of the date and time of the public hearings were posted near the Project site by Department staff on or about September 22, 2000.

d. On September 22, 2000, copies of the DSEIR were mailed or otherwise delivered to a list of persons requesting it, to those noted on the distribution list in the DSEIR, to adjacent property owners, and to government agencies.

2) The Commission held a duly advertised public hearing on said DSEIR on October 26, 2000, at which opportunity for public comment was given, and public comment was received on the DSEIR. The period for acceptance of written comments ended on November 7, 2000.

3) The Department prepared responses to comments on environmental issues received at the public hearings and in writing during the 45-day public review period for the DSEIR, prepared revisions to the text of the DSEIR in response to comments received or based on additional information that became available during the public review period, and corrected errors in the DSEIR. This material was presented in a "Draft Summary of Comments and Responses," published on January 29, 2001, which was distributed to the Commission and to all parties who commented on the DSEIR, and was available to others upon request at Department offices.

4) A Final Supplemental Environmental Impact Report (hereinafter "FSEIR") has been prepared by the Department, consisting of the DSEIR, any comments received during the review process, any additional information that became available, and the Summary of Comments and Responses, all as required by law.

5) Project Environmental Impact Report files have been made available for review by the Commission and the public. These files are available for public review by appointment at the Planning Department offices, and are part of the record before the Commission.

6) On February 15, 2001, the Commission reviewed and considered the FSEIR and found that the contents of said report and the procedures through which the FSEIR was prepared, publicized, and reviewed comply with the provisions of CEQA, the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code.

7) The Commission hereby does find that the FSEIR concerning Case File No. 99.377E reflects the independent judgment of the City and County of San Francisco; is adequate, accurate and objective; and that the Summary of Comments and Responses contains no significant revisions to the DSEIR; and hereby does CERTIFY THE COMPLETION of said FSEIR in compliance with CEQA and the CEQA Guidelines.

8) The Commission, in certifying the completion of said FSEIR, hereby does find that the Project described in the Environmental Impact Report will result in significant, unmitigable traffic congestion at selected local intersections, and will result in total projected emissions of criteria pollutants on a region-wide basis that would exceed BAAQMD project-specific significance standards. Also, while project-specific impacts on local air quality would be less than significant they would contribute to potentially significant cumulative air emissions from existing and possible future sources in the greater site vicinity.

9) The Commission, in certifying the completion of said FSEIR, acknowledges the health issues experienced by the Bayview - Hunter Point residents, and finds that the FSEIR considers this issue and requests that the decision makers, in this case the Port Commission and Board of Supervisors, give careful consideration to this issue in evaluating the project and in the implementation and monitoring of effective mitigation measures. The following sections of the FSEIR warrant particular attention:

- existing health concerns on pp. 77-78
- air quality and dust control mitigation measures on pp. 146-149
- stormwater runoff mitigation measures on pp. 149-150
- diesel emission mitigation measures on p. 147

I hereby certify that the foregoing Motion was ADOPTED by the City Planning Commission at its regular meeting of February 15, 2001.

Linda Avery
Commission Secretary

AYES:	Commissioners Theoharis, Baltimore, Fay, Joe and Salinas
NOES:	None
ABSENT:	Chinchilla
ADOPTED:	February 15, 2001

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INTRODUCTION

On January 9, 1997, the San Francisco Planning Commission certified a Final EIR, *Port of San Francisco Waterfront Land Use Plan EIR* (Case No. 94.155E; State Clearinghouse No. 94123007), for the adoption by the Port of San Francisco of a plan governing future uses and development within the Port's approximately 7.5 miles of jurisdiction, covering the San Francisco waterfront generally from the Hyde Street Pier to India Basin. That FEIR is referred to herein as the "Waterfront Plan FEIR."

Subsequent to completion of the Waterfront Plan FEIR, the San Francisco Port Commission in June 1997 adopted the Waterfront Land Use Plan ("the Waterfront Plan"), which specifies acceptable and unacceptable land uses for all properties under Port jurisdiction, and is intended to guide future development of Port properties and to satisfy requirements of Proposition H, passed in November 1990. The Waterfront Plan allows for new development on Port property, with a mixture of maritime and commercial uses anticipated generally north of China Basin and predominantly maritime expansion from Pier 70 south, in the subarea known as the Southern Waterfront. Short-term, "interim" uses are also allowed that do not preclude the ultimate reuse of land on the Southern Waterfront for maritime purposes. The Waterfront Plan identified a number of "mixed-use opportunity areas" that were anticipated to be the location of future developments including maritime uses, open space, public access, and certain commercial and recreational uses, potentially in close proximity to other nearby uses on non-Port property. Three of these opportunity areas are located within the Southern Waterfront – at Pier 70; at the former Western Pacific rail yard between 25th and César Chávez (Army) Streets, east of Illinois Street; and northeast of Cargo Way in the "backlands" west (inland) of the South Container Terminal at Piers 94-96.

Since publication of the Waterfront Plan EIR, the Port has received inquiries from a number of potential maritime-industrial and general industrial users seeking to lease land within Port jurisdiction in the Southern Waterfront. Upon preliminary review of the lease applications, Port staff, in consultation with Planning Department staff, determined that, while the proposed uses would be consistent with the Waterfront Plan direction for the Southern Waterfront, the Waterfront Plan FEIR did not analyze such uses. Beyond these projects, collectively described in this SEIR as the Industry Group project components, the Port itself has proposed construction of a rail and truck bridge over Islais Creek at Illinois Street to provide access to and between the North and South Container Terminals at Pier 80 and Piers 94-96, respectively. Additionally, the Port anticipates future growth in cargo shipping activity at Pier 80 and Piers 94-96, as well as potential future development of maritime and non-maritime activities on the three opportunity areas noted above.

In addition, since certification of the Waterfront Plan EIR, there have been changes in the regulatory environment with respect to air quality, in that the San Francisco Bay Area Air Basin first achieved, and then lost, "attainment" status for the national ozone standard, and achieved attainment status for the state and national carbon monoxide standards; the Bay Area remains in "non-attainment" status for the state ozone and PM-10 standards, meaning that the Bay Area violates these state standards with some regularity. In addition, in 1998, the California Air Resources Board designated particulate emissions from diesel-fueled engines as a toxic air contaminant, resulting in increased concern regarding diesel emissions.

In light of the above, this Supplemental EIR (SEIR) has been prepared to analyze potential transportation and air quality effects related to the Industry Group project components, the proposed Illinois Street Intermodal Bridge, and potential future increases in cargo shipping and development in the mixed-use opportunity areas. Note, however, that no changes are proposed in the Waterfront Plan to accommodate the Industry Group components or the Illinois Street bridge.

In addition to transportation and air quality, this SEIR includes a discussion of land use, plans, and policies, and analyzes effects related to runoff and water quality that could result from development of the Industry Group and opportunity area sites, and effects on biological resources that could result from construction of the Islais Creek bridge. Finally, this SEIR reviews and updates the Waterfront Plan FEIR's analysis of potential effects related to hazardous materials and site contamination. Effects for topics other than those iterated above would not be expected to differ substantively from those analyzed in the Waterfront Plan FEIR, and no new analysis is required.

CHAPTER I
SUMMARY

A. PROJECT DESCRIPTION (p. 1)

This SEIR analyzes a series of development proposals – the "Industry Group" project components – in the portion of the Port of San Francisco jurisdiction known as the Southern Waterfront (generally, Pier 70 south to India Basin and east of Illinois Street). This SEIR also analyzes a Port-sponsored proposal to construct a rail and truck bridge across Islais Creek to improve access between the Port's major maritime terminals. Finally, this SEIR evaluates, at a lesser level of detail, potential future development on other Port lands in the Southern Waterfront to provide a conservative SEIR analysis, although there are no such proposed projects at this time.

INDUSTRY GROUP COMPONENTS

Six private entities (one combining two separate companies, or seven operators in total) have proposed leasing portions of the Port of San Francisco's Southern Waterfront area and implementing development proposals, primarily related to the construction industry. Each of these Industry Group project components would involve a project sponsor leasing property from the Port and making improvements on the leased site. In most cases, the lease would involve unimproved land that the sponsor would develop. In some cases, the individual sponsors would occupy one or more existing buildings on Port property with lease provisions for tenant-financed improvements to such buildings. Each Industry Group component is briefly described here. All of the Industry Group components are expected to be constructed and operational in 2001.

Bode Gravel / Mission Valley Rock. This component of the project would consist of two adjacent facilities to be developed at Pier 92. Bode Gravel Company would develop a ready-mix concrete plant and Mission Valley Rock Company would develop a marine terminal to import aggregate materials (gravel and crushed rock) for use in production of concrete. In addition, Mission Valley Rock is pursuing discussions with the Port to develop an asphalt plant, which would also use imported aggregate materials. Although the Port has not indicated any affirmative interest in development of an asphalt plant, the potential impacts of such an operation are included in this EIR analysis. The two companies would be joint tenants of the Port, occupying a total area of 8.2 acres, although ownership and operations of the two facilities would be separate.

Bode currently operates a ready-mix concrete plant at Third and Sixteenth Streets, within the Mission Bay area now under development, and would dismantle this plant and construct a new facility at Pier 92.

The new Bode ready-mix plant would have the same capacity as the existing plant. It would be at the east end of Amador Street, approximately one-third mile east of Third Street, between an existing Mission Valley Rock sand processing plant to the north and a rendering plant to the south. The ready-mix plant would include receiving and storage facilities for sand and aggregate material; storage silos for Portland cement and "fly ash,"[1] both of which are used in the production of concrete; a series of conveyer belts and pneumatic pumps for movement of the materials throughout the plant; and two combined mixers and storage silos, each known as a "batching plant," that would be approximately 65 feet tall. The plant would employ a "baghouse filter" and spray bars for dust control. In addition to the production facilities, the operation would have a truck maintenance shop, truck washout station with water reclamation, an office trailer, and parking for cement mixers and employee vehicles.

The Mission Valley Rock aggregate import terminal would be located immediately west of the Bode concrete plant, also on Amador Street, approximately one-quarter mile east of Third Street. As indicated previously, Mission Valley Rock is also pursuing discussions with the Port to develop an asphalt plant. There are currently no privately owned commercial asphalt plants in San Francisco (the closest is in Brisbane). The City operates a plant on Jerrold Avenue for street repairs within San Francisco. Mission Valley Rock currently has a sand dredging and processing operation at Pier 92, east of the proposed Bode concrete plant, where operations would continue. The proposed asphalt plant would include receiving and storage facilities for sand, aggregate, and asphalt cement; an asphalt oil heater and an asphalt drum dryer/mixer, both gas-fired; storage bins for the finished asphalt product, which would be dispensed from the bins into trucks for delivery to the job site; and conveyors for movement of the materials throughout the plant. The dryer/mixer would be equipped with a baghouse filter for dust control. In addition to the production facilities, the plant would have an office/control room, a small tool trailer, and employee vehicle parking.

The aggregate terminal would include conveyor systems for transferring aggregate from ships to indoor and outdoor storage piles and for transferring aggregate from storage to the proposed asphalt plant and to the Bode ready-mix concrete plant, as well as both indoor (in an existing warehouse along the Islais Creek waterfront) and outdoor storage facilities. Mission Valley Rock would use spray bars to sprinkle aggregates with water during ship unloading, both at the ship conveyor and at the outdoor stockpile where the material would arrive. The entire Mission Valley Rock site would be paved with asphalt or concrete.

British Pacific Aggregates (BPA) would develop a storage facility for the waterborne importation of construction aggregates (sand, gravel, and crushed stone) to be used in the production of concrete and

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1 Fly ash is a powdery material, composed largely of silica, that is captured from the exhaust gas of coal-fired power plants. It reacts chemically with the calcium hydroxide in Portland cement and itself becomes cementitious (that is, helps bind the sand and aggregate in the concrete). Fly ash is advocated as improving the strength and durability of concrete – although it slows the initial curing – while at the same time reducing the relative volume of cement needed and thereby reducing the energy use and combustion byproducts of cement production. Fly ash is mandated in concrete by both Caltrans, for its projects, and by the U.S. EPA, for federal projects. One of the Industry Group components would include a fly ash import operation (see ISG Resources, p. 14).

asphalt. BPA proposes to use Pier 94 as the dock for ships that would bring aggregate from out-of-state to supplement and/or replace existing local supplies. The aggregate would be delivered by self-unloading ships directly to Pier 94, where it would be unloaded using on-board equipment and stored in stockpiles in up to about six acres on the pier apron (out of a total lease site of about 10 acres), approximately 350 feet shoreward of the wharf. To minimize dust, BPA would use spray bars to moisten aggregate both during unloading and while in storage. Improvements to be constructed would include conveyors to move material from ships to stockpiles and from one location to another and/or for loading into trucks for transport to end users. Front-end loader(s) may also be used for loading trucks. No new paving would be needed, because the BPA storage facilities would be located on an already-paved portion of the Pier 94 apron.

In addition to the shipping and storage facilities, BPA has indicated that it may develop a ready-mix concrete plant and/or an asphalt plant inland from the stockpile area. Both of these uses are under discussion with the Port and have been included in this SEIR for purposes of a conservative analysis. These facilities, if constructed, would use aggregate material taken directly from the stockpiles (without the need to employ diesel haul trucks). Production of ready-mix concrete and/or asphalt by BPA would be contingent on the company capturing a share of the local market for one or both products. This SEIR does not assume that BPA would engage in production of either product. However, if it does, the net result would not be an increase in the total volume of concrete or asphalt manufactured within the Southern Waterfront area, but an incremental shift in the location of such production. Should such production be undertaken, the concrete and/or asphalt plant(s) would be portable facilities that would be erected on a semi-permanent basis at Pier 94 for the duration of BPA's lease. Regardless of whether concrete or asphalt were produced, no permanent structures would be erected. Other facilities, such as an office and tool/repair shop, would be within portable trailers. On-site parking also would be provided.

ISG Resources Inc. proposes to re-use two existing banks of now-vacant former grain silos at Pier 90 for the storage of "fly ash," a byproduct of coal-fired power plants that is used as a partial replacement for Portland cement in the production of concrete. The silos formerly stored grain that was brought in by rail and then loaded from the silos onto ships for export. These operations were discontinued following the 1989 Loma Prieta earthquake. Fly ash would be brought in by rail car, transferred to the silos, and then made available to concrete producers, including those currently proposing to operate in the immediate vicinity – Bode, RMC Pacific, and smaller local producers (and potentially British Pacific). In the future, fly ash could be brought by barge from other locations and offloaded into the silos. Outbound shipments to concrete batching plants would be in trucks with pneumatic pumping systems.

Physical improvements to be undertaken on the 2.3-acre site would consist of rehabilitation of the silos; enclosure of the conveyor system and installation of state-of-the-art dust control systems on the silos and conveyor system; replacement of the electrical and propulsion components for the conveyor system; construction of a truck loading facility; and rehabilitation of at least one of the existing rail spurs to allow for shipment of fly ash to the ISG site by rail car. Employee parking would be provided on-site.

RMC Pacific Materials. RMC Pacific proposes to construct a ready-mix concrete plant on a 3.1-acre parcel at the west end of Pier 80, at the southeast corner of Illinois and Marin Streets, to replace its existing ready-mix plant at Third and Mariposa Streets, within the Mission Bay project currently under development. RMC's existing plant would be dismantled, and the new plant would be developed with new equipment. The RMC Pacific site is currently paved and in use as a storage yard by Marine Terminals Corporation, which operates the Port's North Container Terminal at Pier 80. RMC proposes to receive much of its raw materials – primarily aggregate – by rail and ship. The proposed new ready-mix plant would include receiving and unloading facilities to accommodate both rail cars and ships; storage bins for aggregate and sand; a 65-foot-tall batching plant with cement and fly ash storage silos, mixer, office, and dust containment system; and a series of conveyors for movement of the materials throughout the plant. In addition to the production facilities, the ready-mix plant would have a truck maintenance shop (involving remodeling of an existing open-bay structure), truck washout station with water reclamation, and parking for concrete-mixer trucks and employee vehicles. No on-site truck fueling would be provided. RMC mixers would use off-site commercial fueling stations.

Waste Resources Technologies (WRT), a subsidiary of Waste Management Inc., proposes to operate a Construction/Demolition Material Recovery Facility (MRF) in an existing building at Pier 70, in the northern portion of the project site. The MRF, which would reclaim usable materials, such as metal and wood, contained in construction and demolition debris for recycling, would replace a former WRT facility near 3Com Park, which was closed in 1999.

WRT proposes to lease an existing building at Pier 70, located near 20th and Illinois Streets, in the former Union Iron Works complex. The structure, identified as Building 6, contains approximately 35,000 square feet of interior space. There would be no structural modifications to the exterior of the building, which was constructed in 1941. However, WRT would renovate portions of the building's interior to accommodate the MRF. WRT would install a sort line with associated screens, conveyors, and other equipment for processing of construction and demolition material inside Building 6. In contrast to WRT's former outdoor facility at Candlestick Point, all sorting and storage of material would be accomplished within Building 6. Parking would be provided on-site for employee vehicles and for staging of semi-trailer transfer trucks.

Site access would be via 20th and Third Streets. Inbound trucks would come from various construction sites. Outbound trucks would be destined for local processors in the case of recyclable materials and local landfills, such as Redwood Landfill in Marin County and Altamont Landfill in Alameda County, in the case of materials that cannot be reused. Although no waterborne transport of materials is currently planned, there is a potential that recyclable materials, such as paper and metals, could be shipped to processors through the Port in the future.

Coach USA proposes to lease approximately 8 acres at Pier 96 for bus storage, maintenance and repair, and ancillary office space. Coach USA, through its subsidiary Grosvenor Bus Lines Inc., currently operates Gray Line tour buses, as well as charter bus service, and transit and paratransit service for

transit agencies including Golden Gate Transit and San Mateo County Transit (SamTrans). Grosvenor Bus Lines currently operates from a facility at Eighth and Harrison Streets. The company would relocate to Pier 96 and vacate its existing Eighth Street operations, where its lease is not being renewed.

This project component would include use of an existing paved storage yard of approximately 6.9 acres (about 300,000 square feet), and use of existing buildings for bus maintenance and repair building (about 26,000 square feet), office space (about 11,500 square feet), and additional miscellaneous building space (about 4,000 square feet). Coach USA plans to construct a fuel island and diesel fuel storage tank and a bus washer. The company also proposes to make some improvements to the buildings that would be used for maintenance/repair and office space. On-site parking for employees and buses would be provided. Buses would enter and leave Pier 96 via Cargo Way.

ILLINOIS STREET INTERMODAL BRIDGE

The Port of San Francisco proposes to construct a bridge across the Islais Creek channel one block east of the existing Levon Hagoop Nishkian drawbridge on Third Street. The new bridge would extend across the channel along the line of Illinois Street, connecting the Port's North Container Terminal at Pier 80, on the north side of Islais Creek, with the numerous Port facilities on the south side of Islais Creek. These facilities include the Port's South Container Terminal at Piers 94-96; the adjacent Intermodal Container Transfer Facility, where cargo containers are transferred directly from ship to rail and vice versa; Piers 90 and 92 along the south side of Islais Creek channel; and the Piers 90-94 backlands area.

The Illinois Street bridge would provide a more direct route for rail cargo to and from Pier 80. Rail traffic destined to Pier 80 must currently travel north on a route that generally follows Interstate 280, more than one mile past the project site and through the Mission Bay area, beyond 16th Street, before returning south along Illinois Street to Pier 80. As part of the approved Mission Bay project, a portion of the existing rails through the Mission Bay area will be removed and are proposed for replacement with new rails within 16th Street, and a new switchback within a planned waterfront open space on the Terry Francois Boulevard right-of-way unless or until the Illinois Street Bridge is constructed. The bridge would reduce the existing approximately four-mile rail trip between Pier 80 and Piers 94-96, over the existing rail route, to a direct route of approximately 0.2 miles. When the bridge is completed, the rails that run near 16th Street would be removed, and there would be no need to install new rails in 16th Street or in the new waterfront open space.

The Illinois Street bridge would be approximately 28 feet wide and would have a single rail line in the center and two traffic lanes, one in each direction, that would overlap the rails. Thus, the bridge would provide a direct truck connection between the two container facilities, with trucks having access to the bridge only when no trains were crossing. Bicycle access would be allowed in the traffic lanes when no trains are crossing, but no sidewalks are proposed.

The Port proposes that the Illinois Street bridge be a "Lift-Segment Movable Bridge," meaning that the center span, which would be 60 feet long, would be constructed as three individual segments that could not be mechanically raised in place like a drawbridge. Instead, each of these segments could be lifted by a crane and stored on concrete piers that would be built next to the bridge. Unlike a drawbridge, a lift-segment bridge is designed to be opened only infrequently, primarily for passage of maintenance vessels and barges. Therefore, the new bridge would probably be opened no more than once yearly.

The proposed lift-segment bridge would have the same clearance above water as the Third Street drawbridge over Islais Creek, which is a minimum of 4 feet of clearance at mean higher high water level. This would permit navigation beneath the Illinois Street bridge by small pleasure craft such as canoes, kayaks, and other small vessels like rowboats. The Port believes the navigational needs of the west end of Islais Creek are and will continue to be for small vessels. A hand-launch dock has been constructed on the south shore of Islais Creek, just west of the existing Third Street drawbridge. A sand ramp has also recently been constructed to facilitate the hand-launching of small vessels. The Port does not propose to open the new Illinois Street bridge to permit the passage of larger pleasure craft or sailboats.

The design and construction of the Illinois Street bridge would be subject to approval of a bridge permit by the U.S. Coast Guard, which must determine the future navigational needs of Islais Creek before it issues a permit. The Coast Guard would determine whether a lift-segment span is appropriate. The bridge would also require approval by the Bay Conservation and Development Commission (BCDC) because it would be constructed over the Bay and within the 100-foot band along the San Francisco Bay shoreline over which BCDC has jurisdiction. The BCDC would also be required to find the bridge consistent with the federal Coastal Zone Management Act. Approval could also be required from the U.S. Army Corps of Engineers under Section 404 of the federal Clean Water Act (including consultation with the U.S. Fish and Wildlife Service) and Section 10 of the federal Rivers and Harbors Act. In addition, the bridge would require water quality certification from the Regional Water Quality Control Board, under Section 401 of the Clean Water Act. Because of the federal action and funding, environmental review of the bridge must also include completion of a document prepared pursuant to the National Environmental Policy Act. In addition, the California Public Utilities Commission would have to approve the change in rail route and abandonment of track within the Mission Bay project area. Funding authorization would be required from the San Francisco Board of Supervisors and the Port Commission must also approve the bridge project. A building permit would also be required.

FUTURE PORT DEVELOPMENT

The project analyzed in this SEIR also includes growth in cargo shipping at Piers 80 and 94-96 – the Port's two container terminals – and expansion of the Port's dredge material handling program, as well as potential future development of several other Port sites, or "opportunity areas," in the "backlands" (upshore from) Piers 90-94, and at and near Pier 70. Although the Port has not identified specific development proposals for these opportunity areas at this time, the Port's Waterfront Land Use Plan does allow future development proposals, and these potential future uses are therefore part of the "project" as

defined for CEQA purposes, anticipated for the most part to be implemented by the SEIR horizon year of 2015. The actual range of potential development is broad, with widely varying environmental impacts. For analytical purposes, this SEIR assumes relatively intensive uses to produce a conservative assessment of environmental impacts. Any actual development program or project(s) for the below areas (other than cargo shipping at Piers 80 and 94-96 and Port dredge material handling at Pier 94) proposed in the future may be reviewed by a community advisory group process set forth in the Waterfront Plan, and would be subject to additional project-specific environmental review.

Cargo Shipping. The Port's two container terminals, at Pier 80 and Pier 94-96, would potentially accommodate increased cargo shipping activity consisting of handling of both containerized and non-containerized cargo. The project therefore would include movement of approximately 200,000 TEU[2] of new cargo (beyond existing volumes of approximately 50,000 TEU) in addition to the cargo activity associated with the Industry Group leases. Of the 200,000 new TEU, 30,000 TEU is assumed to be accommodated by 2001, another 20,000 TEU by 2003, and 150,000 additional TEU by 2015. Cargoes may be containerized or bulk, depending on demand from shippers.

Dredge Material Handling Site. The Port has recently begun storing material dredged from the Bay during routine maintenance dredging from Piers 35, 80, and 96. (The Port also uses storage sites in the East Bay.) Currently, dredge material is placed by crane onto the pier deck within a temporary three-acre enclosure at Pier 96 and allowed to drain and partially dry (to about 20 percent moisture content) before being hauled by truck to landfills, where it is used as daily cover for solid waste landfilling operations. The (drained) decant water is discharged to the Bay. The Port plans to expand this operation and move it to Pier 94, where it would occupy up to about five acres of unpaved land north of the paved pier apron. At the new site, about 20,000 cubic yards of dredge material per year would be pumped from a barge into the drying area. It is anticipated that the off-hauling by truck of partially dried dredge materials would occur over a period of about two weeks during the year. Trucks would travel on Amador Street.

Piers 90-94 Backlands. This approximately 50-acre area would potentially be developed with a mix of about 650,000 square feet of light industrial uses and approximately 1 million square feet of commercial office and/or research and development uses. Office and/or research and development uses would be anticipated to occur in two- to three-story buildings that would be expected to include landscaped open spaces as part of an overall site plan.

Pier 70. The project analyzed in this SEIR includes development of approximately 200,000 square feet of new Maritime Industrial uses and an additional 200,000 square feet of General Industrial uses within the 55-acre Pier 70 Maritime Reserve Area. The Waterfront Plan includes Maritime Industry among the uses related to waterborne commerce and navigation. Maritime Industry could also include Maritime Support uses such as equipment storage and warehousing uses. The Plan defines General Industry as "facilities for enclosed and open air industrial activities, including but not limited to: recycling

[2] See footnote 7, p. 3, for an explanation of TEU (twenty-foot equivalent unit).

operations, automobile repair and related services, bio-remediation, sand and gravel operations, transmission facilities, and manufacturing operations."

Pier 70 Mixed-Use Opportunity Area. The project analyzed in this SEIR includes development of this 16-acre area, between 18th and 21st Streets and extending one to three blocks east of Illinois Street. It is anticipated that uses in this area would include a mix of uses, including approximately 610,000 square feet of commercial office and/or research and development space; 100,000 square feet of retail and other commercial space; and 240,000 square feet of public access and recreational maritime uses. The Port plans to issue a Request for Proposals to potential developers of the Pier 70 Mixed-Use Opportunity Area in late 2000. (An alternative considered in this SEIR would include housing on a portion of the Pier 70 Mixed-Use Opportunity Area.)

Western Pacific Property. This site, a former rail yard east of Illinois Street between 25th and César Chávez (Army) Streets, will be partially occupied by a Muni Metro maintenance and storage facility that will be constructed as part of the soon-to-be undertaken Third Street Light Rail Extension project. The Muni Metro facility was analyzed in the EIR/EIS for the Light Rail Project, and will occupy about three-fourths of the approximately 25-acre Western Pacific Property. No specific development projects are forecast for the remainder of the Western Pacific Property. However, as part of the project analyzed in this SEIR it is assumed that part of the remainder of this site would be occupied by General Industrial uses, potentially including construction-related uses such as materials storage, on an interim basis.

B. MAIN ENVIRONMENTAL EFFECTS

LAND USE (p. 25)

In Phase I, six private entities would lease sites or facilities in the project area. All but one of these operations would be related to the construction industry, and that one entity proposes to lease a site for bus storage, maintenance and repair. These facilities are interim uses assumed to have leases with the Port at least to 2015. Most of the proposed lessees are currently located at existing sites at other locations in San Francisco, and would relocate to the project area. The relocation and location of the Industry Group operations would be a continuation, rehabilitation or expansion of industrial uses in the Southern Waterfront. Therefore, the Industry Group component of the project would not disrupt or divide the physical arrangement or impact existing character of other industrial uses in the project area or nearby residential communities. The majority of the Industry Group components would include a maritime component in their operations, and therefore would be considered maritime tenants of the Port.

In Phase II of the project, Pier 80 and Piers 94-96 would support increased future maritime activity for both containerized and non-containerized cargo, consistent with the Waterfront Land Use Plan. Some of the additional cargo shipping would be associated with cargo activity proposed by Industry Group members, while other activity would be general cargo shipping. These uses would not disrupt or divide the physical arrangement of the adjacent Port uses or nearby residential and commercial communities, as

they would represent a continuation of existing Port activity. The Port uses would therefore have a less-than-significant land use impact.

With regard to non-cargo activity on Port lands, these uses would also be a continuation and expansion of existing maritime and industrial operations on Port property in the Southern Waterfront. These uses would not disrupt or divide the physical arrangement of project area uses or nearby residential communities, as development would occur entirely on Port property near similar maritime and industrial uses, and therefore the impact would be less than significant. New uses, such as office, research and development, and retail uses, would not conflict with nearby maritime-related and industrial uses. Mixed use development on the Pier 70 backlands would not disrupt or divide the physical arrangement of the project area uses or nearby residential communities and, although these uses would change the existing character in this section of the Southern Waterfront area, the impact would be less than significant impact because neither adjacent Port uses nor surrounding residential communities would be adversely affected. Rather, the mixed-use area would serve as a buffer between maritime and industrial uses nearest the water and residential uses in the Bayview Hunters Point neighborhood, on Potrero Hill, and in Dogpatch.

The Industry Group project components address several Waterfront Plan objectives for the Southern Waterfront subarea. The Industry Group project components would help maximize the utilization of existing cargo terminal facilities and would also maximize the productivity of Port assets through interim use of property reserved for maritime expansion. Most of the Industry Group components would include a maritime component in their operations, either import or use of construction-related aggregate materials, or both. Therefore, the Industry Group components would not interfere with the port priority area designations of their sites in the Bay Area Seaport Plan. In light of the above, the Industry Group components of the project would not obviously or substantially conflict with applicable plans and policies.

The proposed Illinois Street Intermodal Bridge would not substantially or obviously conflict with applicable objectives of the San Francisco General Plan or the Waterfront Land Use Plan objectives for the Southern Waterfront. The bridge would help maximize the utilization of existing cargo terminal facilities at Piers 80 and 94-96 by creating more direct and efficient rail and truck access to the Port container facilities on the north and south sides of Islais Creek. The bridge would be an acceptable maritime use as it supports marine cargo and handling facilities. No substantial conflicts with BCDC policies or other regulatory requirements have been identified that would prevent a finding of consistency under the Coastal Zone Management Act or other regulatory approvals.

Development of currently unprogrammed Port lands would not substantially conflict with adopted plans and policies. Maritime related development on Piers 70, 80 and 94-96 would help maximize the utilization of existing cargo terminal facilities. Mixed use commercial, office and retail development on Pier 70 and Pier 94 backlands would promote non-maritime land uses that could be beneficial to the Port and compatible with maritime activities in areas which are surplus to long-term maritime needs, although

introduction of office or research and development uses outside the Cargo Way, Western Pacific, or Pier 70 Opportunity Areas would require amendment of the Waterfront Plan to permit such uses. Development of the Mixed Use Opportunity Area at Pier 70 east of Illinois Street would promote non-maritime activities around the historic Union Iron Works buildings, and facilitate the revitalization of an area that survives as an example of San Francisco's earliest maritime industry.

The creation of new public access, recreational maritime uses, and landscaped open space in the mixed use opportunity areas would be consistent with the Southern Waterfront objectives to improve areas which will provide opportunities for passive and active recreational uses, and would enhance the public's appreciation of the waterfront by providing greater opportunities for access in a manner which does not compromise the efficiency of maritime operations. The most recent update of the Bay Area Seaport Plan removed the Western Pacific site from port priority area designation and most of the Pier 90-94 backlands has also been removed from port priority area status. Therefore, anticipated future Port development would not interfere with the port priority area designations of their sites in the Bay Area Seaport Plan.

TRANSPORTATION (p. 46)

Travel Demand. Most of the traffic generated by Phase I of the project (primarily the Industry Group components) would be truck traffic in connection with the production of construction aggregates and shipping activity at the Port. The Industry Group project components would generate about 2,200 vehicle trips (a trip is one way; two trips make up a round trip) per day, of which about 1,850 would be truck trips. In the morning (a.m.) peak hour, the Industry Group components would generate about 480 vehicle trips, while they would generate about 325 vehicle trips in the afternoon (p.m.) peak hour. An estimated 210 additional daily vehicle trips, including about 180 truck trips, would be made to and from the project area by the time the Industry Group components are operational, including about 50 a.m. peak-hour vehicle trips and about 20 p.m. peak-hour vehicle trips. These trips would be generated by other anticipated uses on Port land, including additional cargo shipping at Pier 96 beyond that currently existing and future industrial activity on the Western Pacific site. By 2003, when the Illinois Street bridge would be in place and the Muni Third Street light rail line would begin service, nearly 1,700 additional vehicle trips, including almost 1,300 truck trips, would be made to and from the project area each day on Port land, including about 125 a.m. peak-hour vehicle trips and about 110 p.m. peak-hour vehicle trips.

By 2015, overall daily vehicle trip generation would nearly quintuple, largely as a result of future development that would occur on port property, including more than 1.6 million square feet of office and research and development space at the Pier 70 Mixed-Use Opportunity Area and the Pier 90-94 backlands, and 100,000 square feet of retail space at the Pier 70 Mixed-Use Opportunity Area. Also included is more than 1 million square feet of light, general, and maritime industrial uses at Pier 70 and Piers 90-94. This future port development would generate more than 14,000 daily vehicle trips, nearly 1,800 vehicle trips in the a.m. peak hour and more than 1,700 vehicle trips in the p.m. peak hour. In

addition, anticipated growth in cargo shipping would increase daily vehicle trip generation from Port activity by nearly 50 percent (to approximately 2,450) and p.m. peak-hour vehicle trip generation by 55 percent (to about 170), compared to 2003 levels; a.m. peak-hour trip generation would more than double, compared to 2003, to approximately 265 vehicle trips. Industry Group truck traffic would also increase because, while the percentage of raw materials brought in by ship would increase, the increased production volume assumed by 2015 would result in more local truck trips by cement mixers and asphalt trucks making deliveries.

Traffic Traffic generated in the near term, mostly by the Industry Group components, would adversely affect two intersections: morning (a.m.) peak-hour operations at the signalized intersection of **Third Street and Cargo Way** would deteriorate from Level of Service (LOS) B under existing conditions to LOS F, and at the signalized intersection of **25th and Third Streets**, afternoon (p.m.) peak-hour conditions would deteriorate, also to LOS F from an existing LOS B. These changes would occur in the near term, by about 2001. By 2003, with additional traffic from development on Port land and from background growth, p.m. peak-hour conditions at Third and Cargo would also deteriorate to LOS F without the Illinois Street Bridge, from LOS C at present and LOS D with Existing-plus-Industry Group (near term) conditions. Also by 2003, a third intersection would be adversely affected: the unsignalized intersection of **Amador Street and Cargo Way** would deteriorate to LOS F in the p.m. peak hour with Phase I traffic *and* completion of the Illinois Street bridge. However, conditions at Third and Cargo would improve with completion of the bridge and the resulting redistribution of truck traffic, so that this intersection would operate at LOS C in the a.m. peak hour and LOS D in the p.m. peak hour. With the bridge, conditions at this intersection would remain acceptable through 2015. Conditions in the p.m. peak hour at 25th and Third would improve to LOS C following implementation of the Third Street Light Rail Project, which will add a separate left-turn signal phase at that intersection. The impact at Amador and Cargo could be mitigated through installation of a traffic signal; with a signal, conditions would remain acceptable through 2015.

At the unsignalized intersection of **Mariposa Street and the Interstate 280 southbound on-ramp**, which currently operates at LOS F during both peak hours, Phase I of the project would result in increased delays during both the a.m. and p.m. peak hours. By 2015, this intersection is scheduled to be signalized, and the signalized intersection would operate at an acceptable LOS under 2015 No-Project conditions (i.e., without the Industry Group project components or future Port development).[3] However, the addition of Phase I and Phase II project traffic by 2015 would result in unacceptable conditions at this intersection, even signalized: LOS F in the a.m. peak hour and LOS E in the p.m. peak-hour. This would be a significant effect, and would not be mitigable, as the intersection capacity would be exceeded. The other 11 study intersections would operate at acceptable levels of service (LOS D or better) in all scenarios prior to 2015.

[3] Mitigation for intersection levels of service identified in the Mission Bay Subsequent EIR (Case No. 96.771E; Final SEIR certified September 17, 1998) is keyed to generation of specific volumes of traffic, and thus, based on development assumptions, is assumed to be in place by 2015 at the Mariposa Street / I-280 southbound on-ramp intersection, although it could occur earlier.

The Illinois Street bridge would allow for removal of railroad tracks that currently run through the Mission Bay project area and would represent a benefit to traffic patterns in the Mission Bay area: the approved Mission Bay plan currently calls for the tracks that connect the Union Pacific main line to those on Illinois Street to be replaced with tracks in the 16th Street right-of-way. With completion of the Illinois Street bridge, there would be no need for tracks in 16th Street, thereby eliminating a potential conflict between trains and vehicle traffic.

By 2015, all intersections except Third and César Chávez Streets would operate at acceptable levels of service under No Project conditions, accounting for background growth including traffic from the Hunters Point Shipyard redevelopment project, the Mission Bay project, and the Bayview-Hunters Point redevelopment area. The poor LOS at Third / César Chávez Streets would result from changes in lane configuration due to the Third Street Light Rail Project and increased background (non-project) traffic. Additional traffic from future Port development (Phase II of the project), along with Phase I traffic, would result in unacceptable conditions (LOS E or LOS F) at eight of 17 study intersections in the a.m. peak hour and at 10 of 17 study intersections in the p.m. peak hour. Therefore, the project would result in a significant effect at each of these intersections. Mitigation has been identified to reduce impacts to a less-than-significant level at Third / 25th Streets; Illinois / 25th Streets; Pennsylvania Street / I-280 southbound on-ramp; Pennsylvania / César Chávez Streets; and Illinois César Chávez Streets, as well as at Amador Street / Cargo Way, as described above (see Chapter IV, Mitigation Measures, p. 144). Impacts at five intersections would not be mitigable. These include Mariposa Street / I-280 southbound on-ramp, described above; Mariposa Street / I-280 northbound off-ramp; Third / Mariposa Streets; Evans Avenue / César Chávez Street; and Third / César Chávez Streets.[4]

Transit. Approximately 9 percent of employee trips to work for Phase I of the project (primarily the Industry Group components) are anticipated to be made using transit, which is half the percentage typically assumed for southeastern San Francisco. This is because transit access to the Industry Group sites is currently limited, and many workers would be expected to begin and end their work days prior to more typical work hours. As a result, Phase I would generate fewer than 25 transit trips in the a.m. and p.m. peak hours. These new transit riders would represent a very small increase over existing ridership in the area, and would not result in a significant effect.

Phase II of the project includes additional growth in cargo shipping and related activities at Pier 70 (the maritime reserve area), Pier 80, and Piers 94-96, as well as development of non-maritime and non-industrial uses at the Pier 70 Mixed-Use Opportunity Area and the Piers 90-94 backlands. The Mixed-Use Opportunity Area and the backlands together would include 1.6 million square feet of office and/or research and development space and 100,000 square feet of retail space, which would have trip generation characteristics such that transit use among commuters and visitors would likely be greater than that assumed for the maritime and industrial uses elsewhere in the project area. Of the estimated

[4] The Department of Parking and Traffic is considering the addition of a second northbound left-turn lane at the Third / César Chávez Streets intersection. However, this would require the acquisition of additional right-of-way on Third Street at the southeast corner of the intersection, where there is an existing building. The feasibility of this measure is not known.

approximately 680 a.m. peak-hour and 625 p.m. peak-hour transit trips, about 80 percent would be made in the peak direction (to the work place in the morning and from the work place in the afternoon).

The increase in transit ridership by 2015, along with growth in ridership due to other development in the project area and elsewhere, could be accommodated by Muni routes serving the project area. On the Third Street Light Rail line, the percent of p.m. peak-hour, peak-direction transit vehicle capacity used ("capacity utilization") would be 83 percent in the p.m. peak hour. The project would add about 450 new riders, and increasing capacity utilization from 45 percent (with cumulative growth but without the project) to 83 percent with the project. Because adequate capacity would remain, the effect would not be significant. Peak-direction capacity utilization on the three principal bus lines that serve the project area (19-Polk, 22-Fillmore, and 48-24th Street/Quintara Avenue) would be between 90 percent and 100 percent. Only the 22-Fillmore would operate at capacity; however, project ridership would amount to only 6 trips, and would not result in a significant effect. Project ridership on the other lines would be 40 trips or less; adequate capacity would remain on these lines and the project impact would not be significant.

Project ridership by 2015 on regional transit carriers would total about 190 p.m. peak-hour trips, mostly on BART and Caltrain. Both BART (to the East Bay) and AC Transit would operate in excess of capacity, although BART trains would remain within the system's standard of 115 percent for the three-hour peak period. Project-generated ridership would increase BART capacity utilization by less than 0.5 percent, and AC Transit capacity utilization by less than 0.3 percent, and therefore would not result in a significant impact, because the contribution to cumulative overcrowding would be negligible.

Parking. Parking effects of Phase I development would be limited, because parking demand generated by the Industry Group components would be limited almost entirely to employee vehicles, and each of the Industry Group sponsors has indicated plans to provide for on-site employee parking. Future Port development in Phase II of the project would include more conventional land uses. The development of more than 1.6 million square feet of office and research and development space at the Pier 70 Mixed-Use Opportunity Area and the Pier 90-94 backlands would result in an estimated demand for nearly 3,300 parking spaces, or about two-thirds of the parking demand for Phase II of the project. Actual parking demand and requirements could vary by use and by site, depending on the actual uses that are proposed in the future on Port property. It is assumed that the relative lack of site constraints (i.e., the availability of large development sites) would facilitate the provision of both adequate parking and off-street loading space for individual projects, meaning that no significant effects would be expected. It is also assumed that large projects that may be proposed would be subject to detailed transportation analyses.

Bicycles and Pedestrians. Phase I project components (primarily those of the Industry Group) would generate little in the way of pedestrian or bicycle traffic, so the potential effects of the project would be largely those of increased truck traffic on existing pedestrians and bicycles, mainly bicycles on Third Street, where increased traffic from the project and other sources could increase the potential for

conflicts. The Department of Parking and Traffic is also considering a new bicycle route on Illinois Street. Pedestrian activity would be accommodated on existing sidewalks. It should be noted that much of the project area east of Illinois Street is, and will continue to be, a heavy industrial area, and that the provision of pedestrian access for casual walkers is not necessarily the public benefit it would be in areas of the waterfront north of Pier 70.

By 2015, with implementation of Phase II of the project (future Port development, including increased cargo shipping), traffic volumes would increase further, and pedestrian and bicycle use in the project area would also be anticipated to increase, particularly if mixed-use development occurs as planned at Pier 70 and at the Pier 90-94 backlands. Development of these mixed-use projects would be reviewed by the Port to ensure that adequate pedestrian access is provided, potentially including construction of sidewalks where none exist on the perimeter of the development sites, and would also be required to include bicycle parking in accordance with the requirements in the Planning Code. Thus, pedestrian and bicycle conditions would be improved from conditions at present.

The project would not adversely affect pedestrian access to the Bay Trail, which is designated on Illinois Street north of 24th Street and on Third Street south of 24th Street. Existing sidewalks on these streets would remain in place and would continue to function as part of the Bay Trail.

Construction. Construction activity could occur simultaneously at several of the Industry Group project sites, beginning in early 2001. However, as interim facilities without permanent structures, mostly developed on already paved land, these components would not generate substantial or lengthy construction impacts. Effects on local traffic would be considerably less extensive than those described for the Phase I project itself, because the volume of construction-related traffic would be much less than the traffic volumes once all Industry Group components were operational. Phase II, including future Port development of the Pier 70 Mixed-Use Opportunity Area and the Piers 90-94 Backlands, could result in temporary construction-period impacts much like those of typical urban development, but would not be considered significant.

AIR QUALITY (p. 78)

Construction-period impacts were evaluated qualitatively and with reference to the dust control measures that can be implemented to reduce the temporary air quality effects associated with construction. Operational impacts were evaluated quantitatively through estimates of pollutant emissions and concentrations. Operational impacts were examined for two years: 2003, when the Industry Group project components would be in operation, the Illinois Street intermodal bridge would be in place, and the Muni Third Street light rail line is anticipated to begin operations; and 2015, by which time the Future Port Development described in the Project Description would occur. With implementation of the Industry Group components, there is anticipated to be a shift, over time, in the transport of aggregate raw materials used in the production of ready-mix concrete, from truck to ship. These shifts in mode of transport are reflected in this analysis, as they are in the transportation analysis.

Two separate operational analyses were conducted for both analysis years. One aspect of the analysis quantifies the net change in emissions due to project-related sources from a regional perspective (emissions occurring within the multi-county air basin), including emissions from stationary sources (e.g., industrial plants and the like) and from mobile sources (i.e., motor vehicles, ships, trains, etc.). New emissions are calculated regardless of where they occur in the Bay Area. The other aspect of the analysis identifies what portion of the regional emissions would be experienced locally. The SEIR quantifies local project emissions and effects, in particular, due to project-related stationary sources and related truck traffic, on the Bayview-Hunters Point neighborhood. These calculations are provided in recognition of the concentration of industrial uses proposed, and the anticipated corresponding concentration of truck traffic, and because a substantial volume of the Phase I vehicle trips related to the Industry Group project components are currently being made, under existing conditions, to and from other parts of San Francisco. Therefore, the change in location of, for example, existing concrete plants, would result in very little change in emissions viewed from a regional perspective, although there would be the potential for a proportionately larger increase in the concentrations of certain key emissions in the immediate vicinity of the new plants (with a corresponding decrease in emissions concentrations at the existing locations). These localized calculations report results for carbon monoxide concentrations at local intersections, as well as concentrations of respirable particulate matter (PM-10) and diesel particulate matter.

Construction Impacts. Grading and other ground-disturbing construction activities would temporarily affect local air quality intermittently during construction activities for each project component, causing a temporary increase in particulate dust and other pollutants. Heavy equipment would generate fugitive dust and would emit combustion products, including ozone precursors (ROG and NO_x), carbon monoxide, sulfur dioxide, and PM-10, but the most significant emissions would be fugitive dust. BAAQMD has identified a set of feasible PM-10 control measures for construction activities, and mitigation was included in the Waterfront Plan EIR to reduce construction-related air quality impacts to a less-than-significant level; a revised version of this mitigation measure is included in this SEIR (see p. 146). With implementation of this measure, construction-related air quality effects would be reduced to a less-than-significant level.

Operational Impacts – Regional. Maximum daily emissions of reactive organic gases (ROG), nitrogen dioxide (NO_x), and respirable particulates (PM-10) from all project components combined would exceed the significance threshold of 80 pounds per day in both 2003 and 2015. The significance threshold for annual emissions of 15 tons per year would also be exceeded for ROG and NO_x in each year. Therefore, the project would result in a significant effect with regard to emissions of criteria pollutants. This significant impact would occur regionally within the multi-county air basin and are not directly reflective of local conditions. This impact cannot be reduced to a less-than-significant level because of the magnitude of the project. The source of the greatest amount of emissions would be ship and rail traffic.

Emissions of all three pollutants generated by trucks from the Industry Group components in 2003 would decrease, compared to existing conditions, because of the shift in means of transport from trucks to ships

and rail for much of the raw material used in the production of ready-mix concrete. By 2015, emissions would increase based on the increase in concrete and asphalt production and the corresponding increase in truck traffic, as well as the increase in cargo shipping at the Port. Some of the increase in vehicle emissions would be offset by improved emissions control technology that would be implemented over time.

Operational Impacts – Local. Project-related traffic could result in localized "hot spots" or areas with high concentrations of carbon monoxide concentrations around stagnation points such as major intersections and heavily traveled and congested highways and roadways. To evaluate "hot spot" potential, a microscale impact analysis was conducted adjacent to four representative intersections within the project area where the project would result in relatively higher volumes of traffic: Third Street / César Chávez Street, Third Street / Mariposa Street, Illinois Street / César Chávez Street, and Third Street / Evans Avenue. It was assumed that if the relatively higher volumes of project-generated traffic at these intersections did not result in adverse impacts, impacts at other nearby intersections would experience similar or less substantial effects. No exceedances of the state one-hour or eight-hour standard were identified, and the impact relative to localized carbon monoxide would be less than significant.

To examine the potential health effects of localized emissions of particulate matter, including PM-10 and diesel particulate, dispersion modeling was conducted to determine whether the local concentration of such particulates would be markedly increased in the Bayview-Hunters Point neighborhood as a result of emissions due to the project. Particulates were selected for dispersion modeling because of their potential adverse effects on respiratory health. The sensitive receptors selected include several schools and parks nearest the project area, in Bayview/Hunters Point and on Potrero Hill. These sites were chosen because children tend to be more susceptible than healthy adults to certain effects of air pollution. Also, the school sites are representative of the exposure locations of the surrounding residential neighborhood.

Each of the Industry Group project components, which would represent "stationary sources" of particulate emissions, is proposed to include "best available control technology" (BACT) to control emissions, consistent with current regulations. For aggregate-handling operations (Bode Gravel, Mission Valley Rock, RMC Pacific, British Pacific Aggregates), this includes maintaining a moisture content in the aggregate that is high enough to eliminate PM-10 "fugitive" emissions (wind-blown dust that could otherwise escape into the surrounding air). A water spray system would be installed at each aggregate-handling facility, including Bode Gravel, Mission Valley Rock, RMC Pacific, and British Pacific Aggregates. Fine aggregate material (sand) would be maintained with a moisture content of approximately 5 percent, because such material with a moisture content of 4.5 percent or more produces virtually no fugitive emissions. Coarse aggregate (gravel) would be kept damp on the surface, which would also virtually eliminate fugitive dust. Aggregate would be stored in bunkers at ready-mix and asphalt plants, rather than open piles, with water spray (including the use of surfactants, as necessary, to bind the water and dust to the aggregate) applied to maintain adequate moisture content to control emissions at both production and shipping/storage operations. ISG Resources, which would handle

powdery fly ash, would install BACT dust collection equipment to accommodate truck and rail transport and would use pneumatic equipment for transfer of fly ash.

The asphalt plant proposed by Mission Valley Rock (and by British Pacific) would include controls on the drum mixer where the asphalt cement and aggregate are mixed. Drum mixer(s) would be fired with natural gas, consistent with BACT recommendations, and particulate emissions from the aggregate drying and mixing process would be controlled with a fabric filter, also consistent with BACT. Such filters can achieve control efficiency of greater than 99 percent. Emissions of toxic substances from the asphalt plant would include mostly benzene and formaldehyde which would volatilize when the asphalt cement is heated. Most of these emissions would occur at the drum mixer/dryer. Using emission factors recently reported by U.S. EPA for hot mix asphalt plants (U.S. Environmental Protection Agency, 2000) in the dispersion modeling analysis, the maximum carcinogenic risk at sensitive receptors was estimated to be 0.3 in a million.

The PM-10 modeling for the years 2003 and 2015 revealed that the maximum incremental contribution to 24-hour PM-10 concentrations at any given receptor would be 1.2 micrograms per cubic meter in 2003 and 1.6 micrograms per cubic meter in 2015. In both cases, these maximums would be well below the significance standard of 5.0 micrograms per cubic meter, and would be registered at Youngblood Coleman Playground, on Hudson Avenue at Mendell Street, which is the closest sensitive receptor downwind from the concentration of proposed Industry Group components along Islais Creek. This playground is located adjacent to the residential area on the hill overlooking Hunters Point shipyard. The PM-10 concentrations at all other receptors modeled would be lower than these values.

Based on meteorological conditions, the maximum 24-hour concentration at Youngblood Coleman Playground would occur on fewer than 25 days per year. Winds in the area are usually from the southwest through northwest, occurring about 65 percent of the time. For the westerly wind directions, pollutant emissions from the project would be transported out over the Bay.

Modeling was also conducted to determine the maximum annual average PM-10 concentrations, in addition to maximum daily concentrations. The maximum annual concentration in 2003 would be 0.09 micrograms per cubic meter, while in 2015, the maximum concentration would be 0.12 micrograms per cubic meter. As with the 24-hour concentrations, these highest annual averages would be well below the significance standard of 1.0 microgram per cubic meter, and would also be at Youngblood Coleman Playground.

To determine the potential implications of increased emissions of diesel particulates, a newly designated toxic air contaminant, the relative risk of long-term exposure was calculated and compared to the BAAQMD's standard of 10 in 1 million (10 additional cancer cases per million persons beyond the pre-existing risk), based on the BAAQMD permitting procedure for stationary sources. In 2003, the maximum incremental risk of cancer from diesel particulate emissions resulting from the project is estimated to be 7.5 in 1 million (7.5 additional cancer cases per million persons, beyond the risk from other sources), based on 24-hours per day exposure over a period of 70 years. In 2015, the project's

cancer risk from diesel particulate would be 9.0 in 1 million. Both results are below the 10 in 1 million standard and therefore are not considered significant. To put the 10 in 1 million standard in perspective, the BAAQMD estimates that the incremental cancer risk from exposure to current ambient levels of toxic air contaminants – excluding diesel particulate matter – is 199 in a million, and the California Air Resources Board estimates the statewide cancer risk due to essentially all toxic air contaminants at 758 in 1 million, of which 540 in 1 million, or about 70 percent, is estimated to be due to diesel particulate.

As noted in the Setting, the analyses in this report do not assume implementation of any of the proposed rules or regulations regarding diesel emissions. Implementation of some or all of these proposals would reduce the cancer risk from diesel particulate to less than described here.

Odorous Emissions. The *BAAQMD CEQA Guidelines* provides buffer distances that can be used to identify areas where significant impacts from proposed odor sources, such as an asphalt batch plant, could occur. Generally, odor impacts at sensitive receptor locations beyond the identified buffer distances can be presumed to be less than significant without further analysis. For sensitive receptor locations located within the buffer distances, a more detailed odor impact analysis is generally warranted. For an asphalt batch plant, the BAAQMD-recommended buffer distance is 1 mile.

The asphalt plant that could be constructed and operated between the Port and Mission Valley Rock would be a potential source of odors and odor complaints. Emissions of volatile organic substances, including toxic and odorous substances, can occur from heated asphalt cement that is used in production of asphalt concrete. Such emissions usually emanate from the drum mixer, where the asphalt cement is mixed with aggregate to create asphalt concrete. Mission Valley Rock proposes to use a counter-flow type drum mixer, which prevents direct contact between the material being mixed and the hot exhaust gases in the dryer. Consequently, the temperature of the asphalt mix would be reduced, compared to other mixers, and vapor emissions, some of which are odorous, would be minimized.

Residential areas are located within one mile of the potential asphalt plant site, generally to the south and to the northwest. The closest residences are located approximately one-half mile south of the potential asphalt plant site in the residential area that is south of Fairfax Avenue in the Bayview-Hunters Point neighborhood. Other, more distant, residences are located to the southwest and southeast. Odors may be perceived at these residences when the plant would be operating during periods when stagnant atmospheric conditions (i.e., little vertical air movement and low wind speeds) would coincide with winds blowing in their general direction. However, the confluence of these three factors (plant operation, stagnant atmosphere, and worst-case winds) would be rare since the plant would not normally operate during nighttime hours when stagnant conditions more frequently occur; high (near-ground-level) atmospheric stability rarely occurs during daytime hours when the plant would normally be in operation; and winds blowing in the direction of these residences occur only about 18 percent of the time, or approximately 65 days per year. Thus, although the buffer distance between the proposed plant

site and the nearest residential areas would not be ideal, the distance would be substantial, and operational and meteorological factors would tend to diminish the potential impact.

The buffer between the proposed plant site and the nearest residential areas to the northwest would be about three-quarters of a mile. Winds in the direction of these residences occur about 9 percent of the time. Thus, like the residences to the south, although the buffer distance between the proposed plant site and the nearest residential areas would not be ideal, operational and meteorological factors would tend to diminish the potential impact.

In summary, the proposed asphalt plant could raise the potential for odor impacts and complaints, but the related impact would not be significant because the plant would be designed to minimize volatile emissions (including odorous emissions) and because favorable operational and meteorological factors would serve to diminish the possibility for annoying odors when most residents are home. In addition, as discussed in the setting section, the BAAQMD's *Rules and Regulations* provide a regulatory mechanism to remedy odor complaints in the unlikely event that they would become frequent.

Cumulative Impacts. According to the *BAAQMD CEQA Guidelines*, because the project would exceed the regional significance criteria of 80 pounds per day and 15 tons per year for both ROG and NO_x (and for PM-10 on a daily basis), it would also result in a significant cumulative effect. It should be noted, however, that the project-specific significant and cumulative effects are largely a construct of the BAAQMD's analysis methodology, which are geared more to a single development project, rather than a series of project components analyzed together, as in this SEIR. This finding of significant effect with respect to air quality does not necessarily mean that emissions, when modeled at the local level, will exceed state or federal standards.

For carbon monoxide, the dispersion modeling results characterize cumulative conditions because a background concentration is inherent in the analysis and because background traffic volumes were included in the transportation analysis on which the carbon monoxide analysis was based. Neither project-specific nor cumulative carbon monoxide concentrations experienced locally would be significant.

For PM-10 and diesel particulate, it is more difficult to quantify a cumulative concentration because of the large number of sources and their different locations. Locally, emissions from project sources, including both stationary and mobile sources, would be combined with emissions from other sources, primarily including area traffic (local streets and freeways), as well as large stationary sources such as the Potrero and Hunters Point power plants. These cumulative concentrations cannot be easily quantified, given the array of sources in the existing environment, and are therefore considered significant. Local concentrations of pollutants would continue to be affected by activity levels in the area, by climate conditions, and by improvements in technology and fuel formulae.

A major cumulative project that may occur in the area is a proposal to expand the electrical power output of Southern Energy's Potrero power plant. A modeling analysis reported in the Application for

Certification submitted to the California Energy Commission indicates that the maximum 24-hour average PM-10 increment would be about 1.0 microgram per cubic meter. This maximum increment, combined with the PM-10 increment from the project, would be below the significance threshold of 5.0 micrograms per cubic meter. Furthermore, if the Potrero plant expansion is approved, it is expected that the existing Hunters Point power plant, on Evans Avenue at Hunters Point Expressway, would be closed, under an agreement between PG&E, the operator of the Hunters Point plant, and the City. Closure of the Hunters Point power plant would result in a decrease in emissions of both criteria pollutants and toxic air contaminants in the immediate vicinity of the residential area overlooking Hunters Point Shipyard.

Cumulative air quality effects are typically discussed in terms of a project's consistency with the most recent Clean Air Plan (i.e., the *'97 Clean Air Plan*). Consistency with the plan is evaluated with reference to the population and employment assumptions used for the plan and with reference to Transportation Control Measures (TCMs). (The project would have little growth-inducing effect, and thus, the project would be consistent with the population and employment assumptions in the plan.) The *'97 Clean Air Plan* identifies a list of Transportation Control Measures (TCMs) that are to be implemented by local governments. These TCMs include support for voluntary employer-based trip reduction programs; improvement of bicycle access and facilities; improvement of arterial traffic management; development of local clean air plans, policies, and programs; implementation of demonstration projects; and promotion of pedestrian travel and traffic calming measures (Bay Area Air Quality Management District, 1999a). The City and County of San Francisco administers programs that implement all of these TCMs, and, while Phase I of the project, by its nature, does not further any of the TCMs in particular, none of the project components would interfere with their implementation, and thus the project would not be inconsistent with the *'97 Clean Air Plan*. TCMs could be implemented as part of Phase II of the project, which would include development of more typical urban land uses.

In summary, the project would result in a cumulative significant regional impact on air quality, in that daily volumes of the three criteria air pollutants of most concern – reactive organic gases (ROG), nitrogen dioxide (NO_x), and respirable particulates (PM-10) – would exceed Bay Area Air Quality Management District (and SEIR) significance thresholds, and annual emissions of ROG and NO_x would also exceed annual thresholds. Locally, cumulative carbon monoxide concentrations would be less than significant. Cumulative concentrations of PM-10 and diesel particulate experienced locally, while unknown because of the wide array of sources in the existing environment, could exceed significance thresholds. Even though the project would not exceed new source criteria for PM-10 or the 10 in 1 million risk level for particulates from diesel emissions, the project would add some increment to existing local PM-10 and diesel emissions. Monitoring date from the nearest monitoring stations indicates some exceedances of the state PM-10 standard. Therefore, to be conservative, these emissions are deemed cumulatively significant, although the project itself would not have a significant effect with regard to local concentrations of PM-10 or diesel particulate.

HYDROLOGY AND WATER QUALITY (p. 104)

The proposed development in the Southern Waterfront area would result in changes in the volume of surface water runoff from stormwater due to changes in the extent of impervious surfaces and would change the volume of wastewater (sewage) and stormwater discharged to the Bay from the City's combined sewer system. In general, replacement of unpaved areas with structures, pavement or other impervious surfaces would reduce the infiltration of rainwater and would increase the volume of stormwater runoff flowing directly from the project site to the Bay. Development of commercial and industrial uses would also result in increased wastewater flows to the combined sewer system. Increases in volume of wastewater flows and any increases in the volume of stormwater runoff that is piped to the City's combined sewer system could in turn affect the volume of treated effluent and combined sewer overflows discharged to the Bay. Increases in direct discharge of stormwater runoff, treated effluent, and combined sewer overflows to the Bay could affect water quality.

This EIR assumes that for the Industry Group Projects neither the Port nor the tenants would construct on-site infrastructure related to stormwater collection, and there would be no new connections to the combined sewer system to capture stormwater runoff, because the Industry Group components would be considered interim uses (with leases limited in length such that major capital investment in storm drainage infrastructure would not be economically feasible). Therefore site conditions with respect to drainage infrastructure are anticipated to remain the same as existing conditions. Site locations currently draining to the Bay would continue to do so, and locations currently draining to the City's combined sewer system would continue as well.

Under the Industry Group projects, the total site areas for all projects would be about 32 acres. Of this 32 acres, about 25.5 acres is currently considered to be impervious surfaces, with pavement or structures built on it; the remaining 6.5 acres, consisting of most of the Mission Valley Rock-Bode Gravel site at Pier 92, is unpaved. This site would be paved, resulting in an increase in runoff from the Industry Group sites by about 12 percent, compared to existing conditions; the overall increase from all project component sites would be 3 percent. The increase in direct stormwater flow to the Bay would be approximately 1.4 million gallons per year. Any stormwater runoff from the project site would be required to comply with RWQCB regulations under the NPDES program. Therefore, the minor increase in runoff associated with the Industry Group sites would be considered less than significant with mitigation.

Future Port development would generate an estimated 300,000 gallons per day of wastewater, or less than 0.4 percent of the current Citywide total of 84 million gallons per day (and less than 0.5 percent of the 67 million gallons per day currently treated at the Southeast Water Pollution Control Plant). The project impact on dry-weather flow and the incremental impact of wastewater flow on the volume of combined sewer overflows would be considered less than significant.

The approximately 100 acres where future Port development would occur is currently about one-fourth paved or otherwise covered with impervious surfaces. Under worst-case assumptions, the full build out of these projects would result in an increase of about 60 acres of impervious surfaces. This would

represent an estimated 35 percent increase in surface water runoff from stormwater in the area occupied by the future Port development sites, based on rainfall, runoff and land use assumptions developed for the City Public Utility Commission's Bayside Cumulative Impact Analysis in 1998. The estimated increase in runoff volumes would be about 12.5 million gallons per year, a 26-percent increase over existing runoff from all project component sites. Together with Phase I components, the increase would be 29 percent.

The Waterfront Plan EIR assumed that storm drainage from up to 100 acres of Port land uses could be piped to the City's combined sewer system. This could result in a measurable increase in bayside flows, made up of treated effluent and combined sewer overflows. This runoff would contribute to a cumulative increase of approximately 44 million gallons per year in combined sewer overflows at Islais Creek. Even though this increase would be permitted, recent EIRs have conservatively found the cumulative increase in combined sewer overflows to be a significant impact. Mitigation Measure D.3, p. 150, would reduce this impact to a less-than-significant level by directing stormwater flow to the Bay with appropriate treatment to meet regulatory requirements, without increasing the volume of combined sewer system overflows.

Stormwater runoff from urban areas is a known source of pollutants to receiving waters. Typical sources of pollutants could include fluid leaks from vehicles, brake pad wear, tire abrasion, pavement wear, sediments, pesticides from landscaped areas, and atmospheric deposition. Both oil and grease and sediments can act as a carrier for other pollutants as well as representing a type of pollutant. The types of pollutants may include metals, hydrocarbons, and organic pollutants as well as sediments. During rainstorms, these pollutants may be mobilized and transported in the stormwater runoff to receiving waters. Sometimes the first flush of each storm contains the highest concentration of pollutants, but release of pollutants to stormwater depends on rainfall patterns, intensity and site-specific conditions. All industrial users that would discharge stormwater runoff either directly to the Bay by sheet flow or through isolated storm drain systems would be required to comply with NPDES permit regulations. These regulations would likely be met through the Industrial Activities Stormwater General Permit adopted by the State Water Resources Control Board, but could alternatively be met through an industry specific permit or an individual permit.

The construction aggregate-related Industry Group project components, for which sediment in stormwater runoff would be a primary water quality concern, would include facilities such as settling ponds and sediment basins to ensure that neither stormwater as sheet flow nor process water (for example, water used to wash out cement mixers) is transported directly to the Bay without removal of sediment and other solids. Much of the process water would be reused in Industry Group operations.

Compliance with NPDES permit conditions, including preparation and implementation of a Stormwater Pollution Prevention Plan, would minimize potential water quality degradation associated with stormwater runoff. In addition, implementation of Mitigation Measure D.2 (implementation of source control Best Management Practices consistent with those identified in the Industrial / Commercial Storm Water Best Management Practices Handbook) and of measures identified in the Waterfront Land Use Plan EIR (and also presented in Section IV of this report) for tenants to participate in the Port's

stormwater monitoring program would further reduce the potential for Bay water quality degradation. Therefore, long term water quality impacts associated with stormwater runoff from Industry Group project components would be considered less than significant with mitigation.

The Port's planned location of an expanded dredge material handling facility at Pier 94 would result in runoff back to the Bay of decant water from dredge material placed at Pier 94. The Regional Water Quality Control Board (RWQCB) would require routine testing of the decant water to ensure that sediment levels are below accepted criteria, and that the water does not contain chemicals (e.g., heavy metals) or other constituents at levels in excess of regulatory requirements. If contaminant levels were in excess of applicable requirements, the RWQCB would require that the Port treat the decant water prior to discharging it to the Bay. Treatment could involve removal of settled solids, activated charcoal treatment, and other methods. Operation of the dredge material storage facility in compliance with the required discharge permit from the RWQCB would ensure that water quality effects on the Bay would be less than significant.

The future Port development that would occur by 2015 could have similar effects to those described for the Industry Group project components. Potential industrial and commercial activity on currently unprogrammed Port lands at Pier 70 and at the 90-94 backlands would likely entail placement of large areas of impervious surfaces (buildings and pavement), which during dry weather accumulate pollutants associated primarily with industrial or urban use. Under the potential future Port development projects, about 200,000 square feet of maritime industry uses are proposed for the Pier 70 Maritime Reserve. As discussed in the Waterfront Plan, maritime industry uses may include waterborne commerce and navigation and maritime support uses such as equipment storage and warehousing uses. As with the Industry Group components, compliance with NPDES permit conditions by developers on unprogrammed Port lands would minimize potential water quality degradation associated with stormwater runoff.

Program-level water quality impacts associated with maritime uses are described in detail in the Waterfront Land Use Plan EIR and are summarized briefly here. Any shipping or boating activity would involve handling and storage of chemicals that could be discharged to surface waters. Potential pollutant sources include fuels, bilge water, boat cleaning and maintenance materials, sewage from boats and miscellaneous debris. Maritime uses could also increase the potential for fuels spills to the Bay. However, as described in the Waterfront Plan EIR, there are numerous regulations in place to protect water quality impacts associated with maritime uses. These include: federal Oil Pollution Act and California Oil Spill Response Act, RWQCB and U.S. Coast Guard permits for discharges from ships or boats, and NPDES permits for runoff from ship and boat repair facilities. Compliance with these regulations would minimize the potential for water quality degradation associated with maritime uses. Therefore, long term water quality impacts associated with maritime uses would be considered less than significant with mitigation.

Construction of the various project components could affect water quality due to grading and earthmoving activities, use of fuels and other chemicals for construction equipment, and demolition and construction in proximity to the Bay. Grading and earthmoving activities would result in exposure of soil during construction and could result in erosion and excess sediments carried in stormwater runoff to surface waters. In addition, construction activities would also likely require temporary on-site use and storage of vehicles, fuels, wastes and other pollutant sources; if improperly handled, these pollutants could also be transported in stormwater runoff to surface waters. For projects with construction sites greater than five acres, the project sponsor would be required to obtain coverage under the statewide General Permit for Stormwater Discharges Associated with Construction Activity described above in the Setting section. These requirements would potentially apply to future Port development at Pier 70 and the Piers 90-94 backlands, as well as to Industry Group project components including Mission Valley Rock, British Pacific Aggregates, and Coach USA, all of which would occupy more than five acres, although the areas to be disturbed through grading or excavation could be considerably smaller and none of these components would require a substantial volume of earthmoving. Depending on the construction schedule for the various projects, the remaining project components under five acres in size may also be required to comply with similar regulations, since it is anticipated that Phase II construction stormwater requirements will be in place by August 2001.

Compliance with these regulations and NPDES permit conditions, including development and implementation of a site-specific Stormwater Pollution Prevention Plan, would minimize the potential for water quality degradation. The SWPPP would typically be required to indicate all pollutant sources within the construction area and to identify best management practices to prevent discharge of pollutants into stormwater. However, due to the uncertain timing of construction schedules and the Phase II construction stormwater requirements, a mitigation measure would require all proposed construction sites, regardless of size, would prepare and implement a SWPPP, in order to minimize construction water quality impacts. Therefore, with compliance of NPDES General Permit requirements for sites over five acres and with implementation of proposed mitigation measures for sites under five acres, water quality impacts associated with construction activities would be considered less than significant.

Water quality impacts associated with demolition and construction in proximity to the Bay are discussed in the Waterfront Land Use Plan EIR. Construction activities located on or adjacent to the Bay would result in increased potential for spills and for construction materials or debris to enter the Bay and affect water quality, particularly if construction activities occur on windy days. Implementation of improvement measures identified in the Waterfront Land Use Plan EIR would minimize the potential for these impacts and are presented in Chapter IV of this report. Thus, implementation of these measures in conjunction with the SWPPP under the NPDES permit requirements discussed above would reduce potential water quality impacts to less than significant.

HAZARDOUS MATERIALS (p. 128)

Potential hazardous materials-related effects include accidental release of hazardous materials or petroleum products, such as through a leak from an on-site fuel tank; exposure of workers or the public to subsurface soil or groundwater contamination; and exposure of workers or the public to hazardous building materials, including asbestos, lead-based paint, polychlorinated biphenyls (PCBs), and fluorescent lights containing mercury vapors.

A fuel leak could affect soil, groundwater, or Bay water quality. However, businesses that store petroleum products above ground would be required to comply with the requirements of the City's Hazardous Materials Ordinance which includes the requirements for secondary containment and preparation of a Spill Prevention Control and Countermeasure Plan to specify emergency procedures to be followed in the event of a spill. Regulations governing underground storage tanks (USTs) require a separate permit to operate a UST and include an inspection and monitoring requirement by the Department of Public Health (DPH). Further, all establishments that store fuel on-site, whether in above-ground or underground tanks, must register with DPH. In the unlikely event that a leak or tank rupture did occur, the spill would likely be contained within the secondary containment system for the tank. Secondary containment and implementation of emergency response procedures would minimize potential exposure of site personnel and the public to petroleum vapors as well as protect the site from potential environmental contamination. Compliance with existing regulations regarding storage and spill protection would therefore render this impact less than significant.

Most project components that would involve excavation would be subject to Article 22A of the San Francisco Public Health Code, "Analyzing the Soil for Hazardous Wastes" (the "Maher Ordinance"), which requires a site-specific investigation, potentially including soil and/or groundwater testing and development of health and safety protection measures if applicable, for sites along the historic bay margin, including most Port property, where excavation of more than 50 cubic yards of soil is proposed. A Maher study has been completed for Pier 92, and could be required for other sites prior to construction. Compliance with existing Article 22A regulations would render potential impacts of subsurface contamination less than significant.

Hazardous building materials may be encountered during renovation or demolition of existing buildings. If friable or nonfriable asbestos is present, there is a potential for release of airborne asbestos fibers when the asbestos-containing materials are disturbed, unless proper asbestos abatement precautions are taken. Such a release could expose the public and construction workers to airborne asbestos fibers. Compliance with the California Health and Safety Code and Bay Area Air Quality Management District regulations concerning asbestos, and proper inspection and, if necessary, removal of asbestos would avoid any potential significant effects.

If lead-based paint is present and has delaminated or chipped from the surfaces of the building materials, there is a potential for the release of airborne lead particles during construction, renovation, or other activities that would disturb loose or peeling paint, unless proper lead abatement procedures are

followed. Construction and renovation activities must comply with Chapter 36 of the San Francisco Building Code, Work Practices for Exterior Lead-Based Paint. Where there is any work that may disturb or remove lead paint on the exterior of any building built prior to December 31, 1978, Chapter 36 requires specific notification and work standards, and identifies prohibited work methods and penalties. These regulations and procedures required as part of the San Francisco Building Code would ensure that potential impacts due to lead-based paint would be reduced to a level of insignificance.

If PCBs are present in the building to be demolished, leakage could expose workers to unacceptable levels of PCBs (greater than 5 parts per million, based on Title 22, *California Code of Regulations*). Removal of fluorescent light tubes could result in exposure to mercury vapors if the lights are broken. Project sponsors would ensure that survey(s) for hazardous building materials is completed prior to renovations of an existing building, and that removal and disposal of transformers and light tubes, if required, is completed. This would reduce impacts related to hazardous building materials to a less-than-significant level.

BIOLOGICAL RESOURCES (p. 139)

Construction of the proposed Illinois Street Bridge across Islais Creek would cause both short-term construction impacts and longer-term changes in habitat that would have minor, and less-than-significant, effects in the immediate vicinity of the proposed bridge. Construction impacts would include primarily water quality effects from disruption of bottom sediments when material is dredged for placement of bridge abutments or other in-water structures. Sediment suspension would cause some increases in turbidity and resettling of fine sediments that can smother and interfere with feeding or respiration of less mobile organisms in the project area. If construction occurred during the Pacific herring spawning season (i.e., from December to February), any eggs attached to the wharf/pilings adjacent to the proposed construction site, or any newly hatched larvae, may be subject to smothering or other negative effects of the sediments released from dredging activities. Effects on herring could be mitigated by avoiding activities during the December-February spawning season, if feasible. If activities are proposed for December through February, a qualified biological monitor should survey the area to determine if spawning herring are present and, if so, the contractor would temporarily cease work (see Mitigation Measure F.1a, p. 154).

In addition to the potential for physical effects from construction activities, resuspension of bottom sediments can release contaminants into the water column that are harmful to aquatic life. Of concern would be highly organic materials that would increase the oxygen demand and possibly reduce oxygen levels in the adjacent waters sufficiently to harm some less mobile organisms. If dredging were required, the U.S. Army Corps of Engineers would require sediment analysis to determine the potential for contamination from any dredged sediments and specify disposal and dredging methods to accommodate the sediment character. Effects would be less than significant because of the relatively small area that would be affected.

Longer term effects from bridge construction would include any displacement of existing soft bottom or other natural habitat by bridge abutments and/or other structures placed in, or along the water edge. This would remove habitat for some burrowing invertebrates such as clams and tubeworms; which are, in turn, forage for resident fishes such as the white croaker. This habitat would be replaced with concrete and thus offer "hard surface" habitat for attached organisms such as mussels and Pacific herring eggs. Whether the habitat is improved or reduced in value, the change would be very minor because of the generally degraded quality of the existing habitat and the small quantity of change in relation to the overall habitat of this kind in the area.

There are wetlands located in the Southern Waterfront but outside the vicinity of the proposed Illinois Street bridge. The Waterfront Plan EIR notes that wetlands at Pier 98 (now known as Heron's Head Park) and at Pier 94 (Seawall Lot 352) could be adversely affected by contaminated runoff and by public access. Concerning the former, Section III.D, Hydrology, of this SEIR concludes that effects would be less than significant. Concerning the latter, Heron's Head Park has been constructed with numerous signs warning visitors to stay out of wildlife habitat areas, while the Pier 94 wetlands would continue to be located in areas surrounded by industrial uses and therefore would not be subject to public access. Furthermore, the Waterfront Plan calls for "reserv[ing] or improv[ing] areas which will provide opportunities for the protection of wildlife habitat and for passive and active recreational areas." Project components would not encroach into the existing wetlands, and thus no significant effect would occur.

C. AREAS OF CONTROVERSY AND ISSUES TO BE RESOLVED

Perhaps the greatest area of controversy involves community concern about potential impacts, particularly related to air quality, of increased industrial activity near the Bayview – Hunters Point neighborhood. In particular, community groups and residents have expressed concern over existing and future cardio-respiratory health effects related to emissions from project components and other development in the neighborhood. Other concerns expressed in responses to the Notice of Preparation for the SEIR included questions about the mix of land uses, in particular related to whether housing should be included on one or more sites in or near the project area, and whether one or more project components could conflict with potential future housing and/or commercial development.

D. MITIGATION MEASURES (p. 143)

This section includes mitigation measures for topics analyzed in this SEIR. Additional mitigation measures from the 1997 Waterfront Plan EIR are included in Chapter IV, p. 143.

TRANSPORTATION

MEASURES IDENTIFIED IN THIS SEIR

B.1 To mitigate 2015 conditions, monitor traffic level of service (LOS) conditions at the intersections listed below in Table S-1. At such time as warranted by traffic conditions (i.e., a degradation of

the p.m. peak-hour service level to an unacceptable LOS E or F), institute the identified improvements or implement another measure determined at that time to be adequate to mitigate the degradation in level of service.

TABLE S-1
MITIGATION MEASURES FOR INTERSECTION LEVELS OF SERVICE

Intersection	Mitigation Measure	2015 Level of Service A.M. Peak Hr. Project LOS	A.M. Peak Hr. LOS w/ Mitig.	P.M. Peak Hr. Project LOS	P.M. Peak Hr. LOS w/ Mitig.
Third / 25th Streets †	• Restripe the east- and westbound approaches to provide left-turn lanes. • Revise signal timing to provide protected east- and westbound left-turn phases.	D	C	F	D
Illinois / 25th Streets †‡	• Install traffic signal.	B (C)	B	F	A
Pennsylvania / I-280 SB On-Ramp †‡	• Install traffic signal.	B (C)	B	F	B
Pennsylvania / César Chávez Streets	• Reconstruct the roadway to provide an exclusive northbound right-turn lane ("free" right-turn).	F	D	F	D
Third / César Chávez Streets	• Add a second northbound left-turn lane and an additional lane in each direction to the western approach on César Chávez Street. (This would require the acquisition of additional right-of-way on Third Street at the southeast corner of the intersection, where there is an existing building.)	F	D	F	D
Illinois / César Chávez Streets	• Install traffic signal. • Restripe the northbound and southbound approaches to provide left-turn lanes and shared right-through lanes. • Restripe the eastbound and westbound approaches to provide a shared left-through lane and a shared through-right lane.	F	D	F	B
Amador Street / Cargo Way	• Install traffic signal. • Restripe the southbound Amador Way approach to provide a left-turn lane, a shared left-through lane, and a right-turn lane.	F	C	F	B

† - Mitigation required only in p.m. peak hour.
‡ - LOS and delay reported for overall intersection; LOS in parentheses is for critical movement, when worse than overall LOS.

SOURCE: Wilbur Smith Associates

B.2 At such time as specific mixed-use or other non-industrial projects generating more than 100 daily vehicle trips are approved and occupied at the Pier 70 Mixed-Use Opportunity Area and the Pier 90-94 backlands, the Port shall develop a Transportation Systems Management (TSM) Plan, and potentially a Transportation Management Agency (TMA) that would consist of Port staff, Port tenants, property owners, and project occupants. The goals of the TSM Plan and the TMA shall be

to reduce, to the maximum feasible extent, the use of single-occupancy automobile traffic and encourage other forms of travel to and from work, including transit, carpooling and ridesharing, bicycle, walking, and other means.

B.3 The Illinois Street bridge that is proposed by the Port would improve operating conditions at Third Street and Cargo Way to an acceptable level of service (LOS C in the a.m. peak hour and LOS D in the p.m. peak hour), compared to conditions without the proposed bridge.

MEASURES FROM THE 1997 WATERFRONT PLAN FEIR, AS APPROVED BY THE PORT COMMISSION, JUNE 1997 (Included in the Project)

B.4 The Port shall comply with requests from the Major Environmental Analysis section of the Planning Department to analyze intersection levels of service for existing and future conditions at intersections that may reasonably be expected to be affected by each future development project, and shall identify and implement appropriate mitigation measures.

Any such transportation analysis would need to be coordinated with monitoring of the Congestion Management Program network, conducted biennially by the San Francisco County Transportation Authority as the designated Congestion Management Agency for San Francisco County. Within the WLUP Project Area, The Embarcadero, King, Third and Fourth Streets are all included on the Congestion Management Program network. A number of intersecting streets (North Point, Bay, Broadway, Washington, Clay, César Chávez, and Evans west of Third) are also included on the CMP network. The Authority would conduct monitoring activities along these facilities, but only in the context of determining changes in Level of Service for arterial segments (not for individual intersections). Degradation of the Level of Service for one or more individual intersections within an arterial segment, to Level of Service "F" or to below some other designation deemed to be acceptable, could also degrade the segment Level of Service. The degree of impact to the segment may not be sufficient for the Transportation Authority to identify a "deficiency" under the CMP process (Level of Service "F" for the entire segment), even though the Port or City could impose mitigation requirements for developers of projects that would have a significant impact on individual intersections. Based on the transportation analysis for this EIR, cumulative development along the Waterfront might cause degradation of a particular segment of the CMP network to fall to "F," thereby triggering a finding of deficiency requiring formulation of a Deficiency Plan, and implementation of that Plan under the CMP processes identified by the Transportation Authority. The Authority could, in this circumstance, identify the Port as the lead agency for development of the Deficiency Plan and for implementation of any corrective measures, and the Port could require sponsors of specific development projects that contribute to cumulative congestion to participate in improvement and mitigation measures. *(1997 FEIR Measure D.4)*

B.5 To help induce shifts from vehicles to transit and thereby partially mitigate local intersection impacts and regional highway impacts, the Port could require and/or institute Transportation Demand Management Programs among developers of major trip generators, as a condition of lease approval. This would apply in particular to future Port development at Pier 70 and the Pier 90-94 backlands.

Such programs typically target primarily commute trips, with various educational, assistance and incentives measures to encourage carpooling and vanpooling, and transit use. These measures may be accompanied by such "disincentives" to low-occupant private vehicle use as restricting the

amounts and/or location of parking made available to employees, and charging higher fees for all-day parking. Also typical are measures designed to shift time of commute travel to the "shoulders" of the peak, and/or to encourage less trip making through alternative work schedules and telecommuting. The effectiveness of these programs is variable, but they are most appropriate and effective when there are substantial constraints to vehicular travel, circulation and storage coupled with suitable options such as excellent transit accessibility. San Francisco in general, and its downtown and portions of the waterfront in particular, exhibit this combination of factors.

The Port could also design and implement similar programs which would target non-commute travel. An example of the type of measure which might be included is the issuance of discount admission to some uses, or reductions in the price of services and/or merchandise, upon presentation of a valid transit transfer or other proof of transit use payment. Additionally, a free shuttle along The Embarcadero could be a part of this type of program, and would help to alleviate local auto congestion. *(1997 FEIR Measure D-7)*

AIR QUALITY

Measure B.3, above, would reduce but not eliminate the project's contribution to potentially significant air quality impacts. The mitigation measures in this section would further reduce but not eliminate the project's contribution to potentially significant air quality impacts.

MEASURES INCLUDED IN THE PROJECT

C.1 Each of the Industry Group construction aggregate industry project components, which would represent "stationary sources" of particulate emissions, shall include "best available control technology" (BACT) to control emissions, consistent with current regulations. For aggregate-handling operations (Bode Gravel, Mission Valley Rock, RMC Pacific, British Pacific Aggregates), this includes maintaining a moisture content in the aggregate that is high enough to eliminate PM-10 "fugitive" emissions (wind-blown dust that could otherwise escape into the surrounding air). A water spray system shall be installed at each aggregate-handling facility, including Bode Gravel, Mission Valley Rock, RMC Pacific, and British Pacific Aggregates. Fine aggregate material (sand) shall be maintained with a moisture content of approximately 5 percent, because such material with a moisture content of 4.5 percent or more produces virtually no fugitive emissions. Coarse aggregate (gravel) shall be kept damp on the surface, which would also effectively eliminate fugitive dust. Aggregate shall be stored in bunkers at ready-mix and asphalt plants, rather than open piles, with water spray (including the use of surfactants, as necessary, to bind the water and dust to the aggregate) applied to maintain adequate moisture content to control emissions at both production and shipping/storage operations. ISG Resources, which would handle fly ash, a finer, more powdery material than aggregate, shall install BACT dust collection equipment to accommodate truck and rail transport and shall use pneumatic equipment to control dust emissions during the transfer of fly ash.

C.2 The asphalt plant proposed by Mission Valley Rock (and potentially the British Pacific asphalt plant) shall include controls on the drum mixer where the asphalt cement and aggregate are mixed. Drum mixer(s) shall be fired with natural gas, consistent with Best Available Control Technology (BACT) recommendations, and particulate emissions from the aggregate drying and mixing process shall be controlled with a fabric filter, also consistent with BACT. Such filters can achieve control efficiency of greater than 99 percent.

C.3 Consistent with the City's Clean Air Program (established by Ordinance 258-99, adopted October 15, 1999), it is City policy to "foster, promote, and encourage the use of low emission [alternative fuel vehicles] and [zero emission vehicles] by developing infrastructures to support the use of these vehicles." Under the ordinance, the City is to (1) assess the need for a network of natural gas fueling stations accessible to the public; (2) site and develop at least five such facilities, by public and/or private entities; (3) install 50 publicly accessible electric vehicle charging stations in City garages, lots, or other sites; (4) develop a plan for additional charging stations and related infrastructure; (5) buy and lease ultra-low and zero emission vehicles for City department use; (6) identify and convert diesel bus lines to electric service; (7) develop a plan to phase out older diesel buses; (8) develop a plan and incentives to encourage larger private vehicle fleets to convert their fleets to very low or zero emission vehicles; and (9) develop a car sharing program in high density neighborhoods.

Consistent with the City's Clean Air Program, the Port shall require that all tenants make a good faith effort to engage in operational practices sensitive to the environment and the neighboring community. In furtherance of this, the Port shall require that tenants operating a fleet of vehicles investigate the potential for use of low- or zero emission vehicles and implement measures to reduce vehicle emissions to the maximum feasible extent. Options may include, but not necessarily be limited to, the use of low-emission diesel fuel (including low-sulfur diesel); the use of catalytic particulate traps for diesel-powered engines that are currently under study by the California Air Resources Board; the use of other emerging technologies to reduce diesel particulate emissions; and use of electric vehicles. The Port shall also require that tenants operating diesel-powered stationary equipment investigate similar options. Tenants shall investigate retrofitting existing engines and purchase of new engines. The Port shall further require that tenants who work with independent trucking contractors encourage those contractors to make similar efforts, including, if reasonably feasible, providing such truckers with economic incentives to retrofit equipment or take other measures as may be necessary to use low-emission fuels. As an economic incentive to minimize diesel emissions from Port property, the Port shall contribute towards the incremental costs incurred by its tenants for Port-approved equipment and improvements in furtherance of this measure. Finally, the Port shall establish a schedule by which tenants described above shall report to the Port on progress in investigating reduced-emission engines.

C.4 At such time as specific mixed-use or other non-industrial projects generating more than 100 daily vehicle trips are approved and occupied at the Pier 70 Mixed-Use Opportunity Area and the Pier 90-94 backlands, the Port shall develop a Transportation Systems Management (TSM) Plan, and potentially a Transportation Management Agency (TMA) that would consist of Port staff, Port tenants, property owners, and project occupants. The goals of the TSM Plan and the TMA shall be to reduce, to the maximum feasible extent, the use of single-occupancy automobile traffic and encourage other forms of travel to and from work, including transit, carpooling and ridesharing, bicycle, walking, and other means.

C.4A To regulate the production of concrete or asphalt material consistent with the volumes analyzed in the Southern Waterfront SEIR, any lease for concrete or asphalt batching operations on Port property shall include a provision setting forth the maximum production volume allowed under the lease, such that the cumulative total of production volumes of such batching operation leases shall not exceed the volumes assumed and analyzed in the SEIR.

To monitor production volumes that may occur on Port property, the Port shall require as a condition of each lease that each tenant provide annually an audited account of the concrete and/or asphalt production volumes provided by each concrete or asphalt production business. The Port shall incorporate this information in an annual report to the Port Commission.

Should any existing tenants propose to increase production above the amounts stipulated in the lease, such change would require an amendment to the lease, and would be subject to further environmental review by the San Francisco Planning Department's Major Environmental Assessment (MEA) division. In determining whether further environmental impact analysis will be required, MEA will consider the production levels cited in the Port's report and any emission-reducing improvements that may have been incorporated into the on-site operations (stationary sources), and trucks and other vehicles associated with the operations (mobile sources).

REVISED MEASURE FROM THE 1997 WATERFRONT PLAN FEIR, AS APPROVED BY THE PORT COMMISSION, JUNE 1997 (Included in the Project)

C.5 The Port shall require that project sponsors direct construction contractors to implement a dust abatement program to reduce the contribution of project construction to local PM-10 concentrations. Elements of this program, which is currently applied to all Port tenants, include the following:

- Water internal roadways and unpaved construction areas just prior to the morning and evening peak traffic periods (to limit the potential for major roadway traffic to entrain dust), limit speeds to 10 mph, and sweep paved internal roads after the evening peak period.

- In addition, water active sites (e.g., where demolition, excavation or other earth work is underway) at least twice per day. Increase the frequency of watering when wind speeds exceed 15 miles per hour. Suspend all excavating and grading operation when instantaneous gusts exceed 25 miles per hour.

- Replace ground cover in disturbed areas as quickly as possible.

- Enclose, cover, water twice daily, or apply soil binders to exposed stockpiles of sand, gravel, and dirt.

- Install gravel at construction equipment entrances to unpaved areas to prevent tracking of dirt and mud onto streets.

- Sweep paved access roads, parking areas, and construction staging areas, at the end of day (with water sweepers), and sweep adjacent City streets if any visible soil material is carried over to these streets.

- Cover all trucks hauling dirt, sand, soil, or other loose materials. Maintain at least six inches of freeboard between the top of the load and the top of the trailer.

- Sweep up dirt or debris spilled onto paved surfaces immediately to reduce resuspension of particulate matter through vehicle movement over these surfaces.

- Designate a person or persons to oversee the implementation of a comprehensive dust control program and to increase watering, as necessary.

- Maintain and operate construction equipment so as to minimize particulates from exhaust emissions. During construction, require contractors to operate trucks and equipment only when necessary. Equipment should be kept in good condition and well-tuned, to minimize exhaust emissions.

Ordinance 175-91, passed by the Board of Supervisors on May 6, 1991, requires that non-potable water be used for dust control activities. Therefore, the project sponsor shall require that the contractor(s) obtain reclaimed water from the Clean Water Program for this purpose.

This mitigation measure also would reduce demolition-related impacts regarding lead paint chips/lead dust. The project sponsor shall also be required to comply with Chapter 36 of the San Francisco Building Code, Work Practices for Exterior Lead-Based Paint, enforced by the San Francisco Department of Building Inspection.

MEASURE IDENTIFIED IN THIS SEIR

C.6 Consistent with the construction-period dust abatement program described in Mitigation Measure C.5, the Port shall require that Industry Group components and other aggregate-related tenants employ dust abatement procedures including, but not necessarily limited to, the following:

- installation and operation of truck wheel-washing systems at plant exits for facilities that operate on unpaved surfaces;
- daily street sweeping on streets surrounding aggregate-related facilities; and
- clearly posting on the exterior wall or fence of such facilities a company telephone number for citizens to call with dust, noise, or other operational complaints, and designation of a Port staff contact for same.

No other feasible mitigation measures have been identified that would reduce the project's total regional emissions to a level below Bay Area Air Quality Management District thresholds, or eliminate the

project's contribution to potentially significant cumulative impacts from all existing (unquantified) and future (unknown) emissions sources.

HYDROLOGY

MEASURES INCLUDED AS PART OF THE PROJECT

D.1 For construction sites of less than five acres of disturbed area, the contractors shall be required to prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) similar to that required under the statewide General Permit for Storm Water Discharges Associated with Construction Activity. The SWPPP would include site-specific information to identify and evaluate sources of pollutants associated with industrial activities and to identify and implement site-specific best management practices to reduce or prevent pollutants associated with industrial activities in stormwater discharges. Best management practices may be non-structural (e.g., activity schedules, maintenance procedures, prohibitions of practices) or structural (e.g., treatment measures, runoff controls, overhead coverage). Elements of the SWPPP shall include the following:

- measures for erosion and sediment controls
- methods for construction waste handling and disposal, and
- post-construction erosion and sediment control requirements.

D.2 To minimize the potential for water quality degradation from stormwater runoff, the Port shall require that all tenants and developers, including interim lessees such as the Industry Group members, implement source control Best Management Practices consistent with those identified in the Industrial / Commercial Storm Water Best Management Practices Handbook (Stormwater Quality Task Force, 1993). Measures shall include, but are not limited to, the following (some of which are proposed as part of one or more Industry Group components):

- prohibiting discharge of process water to storm drains or otherwise directly to the Bay or Islais Creek;
- separating stormwater from process water, such as concrete truck washout water and truck wash water, through the use of berms and other features, and ensuring that treated stormwater to be discharged to the Bay meets applicable permit and regulatory standards, including pH (acidity or akalinity);
- for Industry Group components that would use water in dust control, creation of settling basins or similar features that would allow sediment to be removed from water prior to reuse and/or discharge;
- daily street sweeping of surrounding streets and, for facilities that operate on unpaved surfaces, installation and operation of truck wheel-washing systems at aggregate-related plants;
- employing appropriate containment measures for fuel, asphalt cement, and other hazardous materials stored on-site, to capture potential spills (including at on-site fueling areas);
- installing and maintaining grease and sediment traps at vehicle maintenance and washing areas to prevent contaminated runoff from entering the storm drains or Bay;
- installation of sediment containment systems around outdoor aggregate storage facilities to limit sediment entering stormwater runoff, and covering such storage areas if feasible to limit stormwater infiltration;
- creation of a designated wash-out area for concrete trucks to prevent concrete slurry from reaching the Bay; and
- cover any open conveyors in use over the Bay (i.e., between piers and ships and barges) to minimize the potential for direct sediment spill to the Bay.

REVISED MEASURES FROM THE 1997 WATERFRONT PLAN FEIR, AS APPROVED BY THE PORT COMMISSION, JUNE 1997 (Included in the Project)

D.3 As part of permit and lease requirements for future Port development projects, runoff from stormwater at new or re-developed facilities located outside of the City's combined sewer system shall be, at a minimum, subject to appropriate treatment such as on-site oil/water separators and/or sediment traps, depending on the nature of the pollutants that may be in the runoff, so that stormwater runoff is treated prior to discharge and that there is no direct, untreated discharge to the Bay or Islais Creek. Stormwater runoff from future Port development sites shall not be directed to the City's combined system, as originally contemplated in the Waterfront Plan EIR, and the volume of stormwater flows from the project area to the City's combined sewer system shall remain the same as at present, unless the increased flow to the combined system would result in no additional volume of combined sewer overflows.

D.4 Sponsors of individual project components, including members of the Industry Group, shall be required to implement appropriate Best Management Practices for stormwater pollution prevention throughout the life of each lease and shall be required to monitor stormwater quality in accordance with the requirement of the statewide General Permit for Discharge of Industrial Stormwater.

D.5 Sponsors of individual project components, including members of the Industry Group, shall conduct water quality monitoring during construction of facilities on or adjacent to the Bay to minimize effects of construction activities on water quality. In order to minimize potential for spills, construction materials or debris to enter the Bay and affect water quality, site specific construction methods and precautions, such as limiting activities on days of strong winds, could be included in the contractor's construction specifications to minimize effects on water quality. Demolition of structures with lead-based paint should include physical precautions to ensure that paint dust and chips do not enter the Bay.

HAZARDS

MEASURES INCLUDED AS PART OF THE PROJECT

E.1 Accidental Release of Hazardous Materials or Petroleum Products

In accordance with the Hazardous Materials Ordinance, the sponsor of each Industry Group or Port project component shall ensure that a Hazardous Materials Business Plan is prepared for each of the project components involving the use of petroleum products or hazardous materials. The plan would specify methods for handling and storage of these including containment, site layouts, and emergency response and notification procedures for a spill or release.

The project sponsor(s) shall ensure that a Spill Control and Countermeasure Plan is prepared for any project involving the aboveground storage of petroleum products. The plan would include requirements for appropriate spill containment or equipment to divert spills from sensitive areas, a discussion of facility-specific requirements for the storage system, inspections and a record keeping system, security for the system, and personnel training. The project sponsor(s) would also comply with the state requirement that above-ground storage tanks subject to federal regulations are registered with the Regional Water Quality Control Board.

E.2 Hazardous Materials in Soil

E.2a Because the Bode Gravel and Mission Valley Rock projects would be constructed bayward of the historic high tide line and would involve the excavation of at least 50 cubic yards of soil, the sponsors of those components shall ensure that the contractors comply with the requirements of Article 22A, "Analyzing the Soil for Hazardous Wastes." In accordance with the approved site mitigation report for this project component, the site would be capped with an asphalt or concrete slab and structures. Upon completion of capping, a certification report would be prepared to document construction activities and a maintenance report would be prepared specifying procedures to be followed to control exposure to the subsurface soil following construction of the proposed project. These reports would be submitted to the San Francisco Department of Public Health for review and approval to ensure regulatory compliance.

For any other Industry Group or Port-sponsored project components for which Article 22A would apply (including the Illinois Street bridge, if applicable), a site history report, soil investigation, and soil analysis report would be completed to identify potential hazardous materials at this site.

If indicated by the results of the soil investigation, the project sponsor would ensure that the contractors for each project prepare a Site Mitigation Report in compliance with Article 22A if warranted by the levels of hazardous materials identified in the soil. The plan would include measures for the handling of soil produced during excavation, to control dust and runoff during construction, and to characterize soil for off-site disposal purposes. Upon completion of construction, the project sponsor would ensure that the construction contractors prepare a certification report certifying that either (1) no hazardous wastes present in the soil present an unacceptable risk and that no mitigations are required; or (2) all mitigation measures specified in the site mitigation report have been completed and that completion of the mitigation measures has been verified through follow up sampling and analysis, if required. All reports would be submitted to the San Francisco Department of Public Health (DPH) for review and approval to ensure regulatory compliance.

The project sponsor shall prepare and submit to DPH a site-specific Safety and Health Plan (SHP) that would address worker safety concerns resulting from potential contaminants on the site. The SHP would include provisions for responding to unknown hazardous materials site conditions that could be encountered during construction.

If the soil investigation demonstrates that hazardous wastes present in the soil could be at levels that pose an unacceptable health risk, the project sponsor would ensure that appropriate site investigations and risk evaluations are performed to evaluate potential human health risks related to any hazardous substances left in the soil or groundwater after completion of construction. The investigations, risk evaluations, and any required remedial actions would be implemented under the oversight of the appropriate regulatory agency(ies) to ensure compliance with applicable laws and that the public health and safety are protected.

E.2b For all projects where subsurface contamination is identified, the project sponsor would ensure that from the time that ground surfaces are exposed until the time that all remedial activities have been completed, a fence is erected around the area where chemicals have been identified in the soil and site access is restricted to necessary personnel. Warning signs prohibiting access by the general public onto the project site would be posted at all construction access points. Access would be limited to authorized personnel only.

Dust-control measures applicable for air quality impacts would also minimize the potential public health impact associated with dust emissions and air quality pollutants. (See also Air Quality Mitigation Measures.)

MEASURE PROPOSED BY THE PORT AS PART OF THE PROJECT

E.3 Soil Disposal

The Port shall contract for or require that Port tenant(s) contract for disposal of any portion of the soil pile on the Bode and Mission Valley Rock sites at Pier 92 that cannot be reused for construction projects in accordance with applicable waste disposal regulations. Such reuse would also require approval of the San Francisco Department of Public Health.

REVISED MEASURE FROM THE 1997 WATERFRONT PLAN FEIR, AS APPROVED BY THE PORT COMMISSION, JUNE 1997 (Included in the Project)

E.4 Hazardous Building Materials

The project sponsor for each Industry Group component and each future Port development component involving demolition or renovation of existing facilities shall ensure that hazardous building material survey(s) for asbestos, PCB-containing equipment (including transformers, elevator equipment, and other applicable equipment), hydraulic oils, fluorescent lights, and lead-based paint is conducted prior to the start of demolition or renovation, for each such project component. The survey(s) would be completed by a Registered Environmental Assessor or a registered engineer prior to construction or demolition activities. If any friable asbestos-containing materials or lead-containing materials are identified, adequate abatement practices, such as containment and/or removal, would be implemented prior to demolition or renovation. Detailed requirements for the assessment, abatement, and disposal of hazardous building materials are presented in Appendix F. Any PCB-containing equipment or fluorescent lights containing mercury vapors would also be removed and disposed of properly.

Any hazardous materials discovered through building survey(s) would be abated according to federal, state, and local laws and regulations. In particular, the project sponsors will be required to comply BAAQMD requirements for the removal of friable and non-friable asbestos containing materials as well as other requirements of Cal/OSHA, BAAQMD and the Contractors Licensing Board for abatement of asbestos prior to demolition.

BIOLOGICAL RESOURCES

REVISED MEASURES FROM THE 1997 WATERFRONT PLAN FEIR, AS APPROVED BY THE PORT COMMISSION, JUNE 1997 (Included in the Project)

F.1a The Port could limit dredging operations and other construction activity in connection with the Illinois Street Bridge to between March 1 and November 30 to eliminate any potentially significant impacts of dredging or pier repair/replacement on the Pacific herring fishery. The Port would specify in construction contracts that, in exceptional cases where dredging operations or bridge construction must conflict with the herring season, the following conditions must be fulfilled:

- A professional fisheries biologist or other individual sufficiently competent to identify herring spawning activity would monitor the project site daily at any time when dredging or other in-water construction activity were taking place.

- In the event that the on-site monitor detects herring spawning at, or within 200 meters of dredging or other in-water construction activity, the monitor would immediately notify the Environmental Review Officer and the project construction manager, who would halt the dredging or other construction activity for a minimum of 14 days, or until the monitor determines that the hatch has been completed and larval herring have left the site. The dredging or other construction activity may resume thereafter.

F.1b Project sponsors of Industry Group project components would similarly limit dredging operations and pier repair/replacement to between March 1 and November 30 to eliminate any potentially significant impacts of dredging or pier repair/replacement on the Pacific herring fishery. In exceptional cases where dredging operations or major pier repair/replacement operations (beyond routine maintenance) must conflict with the herring season, the project sponsor(s) would consult with the permitting agencies, including but not necessarily limited to the U.S. Army Corps of Engineers, Bay Conservation and Development Commission, State Department of Fish and Game, and Regional Water Quality Control Board. The sponsor(s) would comply with specific monitoring requirements established by these and other agencies to avoid impacts on the herring fishery.

F.2 Prior to demolition or renovation of any abandoned building between August 15 and October 15, or between February 1 and May 1, project sponsor(s) would ensure that survey(s) are conducted during the same period by a qualified bat biologist. If no Townsend's western big-eared bats are found during the survey(s), no additional mitigation is required.

If Townsend's western big-eared bat, a California Species of Special Concern, is found during an August - October survey, appropriate exclusion devices approved by CDFG & USFWS should be installed by a qualified bat biologist. Once the bats have been excluded, demolition may occur.

If Townsend's western big-eared bats are found during a February - May survey, demolition should not take place until the end of the nursery season in August. Exclusion devices should be placed by a qualified bat biologist in accordance with CDFG and USFWS.

E. ALTERNATIVES TO THE PROPOSED PROJECT (p. 168)

The Waterfront Plan EIR analyzed two alternative development outcomes that could occur under the Waterfront Land Use Plan. Those alternatives are hereby incorporated by reference. This SEIR does not evaluate an off-site alternative that would place the proposed Industry Group uses elsewhere in San Francisco, because Port jurisdiction is limited to a band along the City's bayfront. However, the alternatives analyzed below do include both differing combinations of Industry Group uses and variations on the assumptions concerning future Port development to provide for a range of potential outcomes for the Southern Waterfront subarea, consistent with the adopted Waterfront Land Use Plan.

ALTERNATIVE A: NO PROJECT

This alternative would entail no change to the project area, which would remain in its existing condition. None of the Industry Group project components would be implemented, and the Illinois Street Multimodal Bridge would not be built. Because several of the Industry Group components are proposed bin response to the need for Industry Group members to relocate from existing locations, this alternative would necessarily involve displacement of those uses elsewhere in San Francisco, including the existing Bode Gravel and RMC Pacific concrete plants and the Coach USA bus operation. Those uses could relocate elsewhere in the City, although particularly in the case of the concrete plants, the potential locations are limited by the heavy industrial nature of the uses. It would be speculative, however, to project potential relocation sites for these uses, which could be forced to move out of San Francisco under this alternative.

Also under this alternative, the future development envisioned for the Pier 70 Mixed-Use Opportunity Area, the Pier 70 Maritime Reserve area, the Pier 90-94 backlands, and the Western Pacific site (except for the already approved Muni Light Rail storage and maintenance facility) would not necessarily occur as described in this SEIR. There might still be some development on these sites in the future, consistent with the Waterfront Land Use Plan, and subsequent environmental review could be required if projects were to differ substantially from those described in this document. Increased cargo shipping could also occur in the Southern Waterfront, consistent with the Waterfront Plan.

This alternative would result in little or no short-term (Phase I) increase in automobile or truck travel, as would occur with implementation of the proposed project. Long-term (2015) effects on local intersections would be less substantial than would occur with the project, but could still be significant, depending on the volume of future development on Port lands and increased cargo shipping. Therefore, this alternative would result in significant traffic impacts in 2015, although to a lesser degree than would the project. Emissions of criteria air pollutants would be less substantial than with the project, particularly in the short-term. By 2015, depending on the increase in cargo shipping at the Port, emissions of NO_x could be significant, as with the project, although the volume of emissions would be less. This alternative would also result in a significant cumulative effect related to air quality. Like the project, however, this alternative would result in less-than-significant effect with regard to local concentrations of carbon monoxide, PM-10, and diesel particulate. Effects related to hydrology would be less substantial than those of the project, and would be less than significant with the mitigation measures revised from the Waterfront Plan EIR to control stormwater runoff. It is likely that future development on Port lands would result in increase in impervious surface that could result in an increase in stormwater runoff to the Bay, although less than with the project. Similarly, the No Project Alternative would result in less potential for exposure to and accidental release of hazardous materials than would the project, although any potential impacts would continue to be mitigated, as with the project, by reliance on existing regulations, including Article 22A of the City Public Health Code. As with the project, impacts would be less than significant with mitigation.

The No Project Alternative would be environmentally superior to the project because it would avoid much of the environmental impact of the project. The No Project Alternative would not meet the project objectives.

ALTERNATIVE B: REDUCED-SCALE ALTERNATIVE

This alternative would include all Industry Group facilities with the exception of the proposed Mission Valley Rock asphalt plant and the Coach USA bus storage facility, as well as those shipping-related components that are proposed to provide for an anticipated shift in the supply of construction aggregate from local sources to out-of-area sources. Included would be two concrete plants (Bode Gravel at Pier 92 and RMC Pacific at Pier 80); Mission Valley Rock's aggregate import terminal at Pier 92 (but not Mission Valley's proposed asphalt plant; British Pacific Aggregates aggregate shipping and storage operation at Pier 94 (but not BPA's potential future concrete and asphalt plants); ISG Resources fly ash storage facility (in the former grain silos at Pier 90); and Waste Resource Technologies' construction materials recycling operation at Pier 70. Not included in this alternative would be the Mission Valley Rock asphalt plant, the potential future BPA concrete and asphalt plants, or Coach USA's bus storage and maintenance facility at Pier 96. Under this alternative, concrete production would remain at the 2003 level through 2015.

This alternative would also include construction of the Illinois Street Intermodal Bridge, proposed by the Port. However, less future development would occur on other Port lands than with the proposed project. Alternative B would include less of an increase in cargo shipping at Pier 80 and Piers 94-96, compared to the project, and would not include development of the Piers 90-94 backlands. Alternative B would include expansion of the Port's dredge material handling site at Pier 94; development of the Pier 70 mixed-use opportunity area and the Pier 70 maritime reserve area; and development of the Western Pacific property.

This alternative would result in less traffic generation, particularly with Phase II (2015) development, than would the project. With this alternative, Phase I daily vehicle trip generation would be about 20 percent less than with the project (Industry Group vehicle trip generation would be about 30 percent less). In 2015, Phase II daily vehicle trip generation would be almost 35 percent less than with the project, and peak-hour trip generation, compared to that with the project, would be about 50 percent less in the a.m. peak hour and about 85 percent less in the p.m. peak hour. With this alternative's decreased traffic volumes, compared to the project, intersection levels of service in 2015 would be improved, compared to conditions with Phase II project development. In the a.m. peak hour, only two intersections would operate at LOS F – Mariposa Street at the southbound I-280 on-ramp and at the northbound I-280 off-ramp. These intersections would also be at LOS F with the project. Three other intersections would operate at LOS E. Impacts could be mitigated at one of these five intersections. Three other intersections that would operate at LOS F with the project would instead operate at LOS D or better with Alternative B. In the p.m. peak hour, only three intersections would operate at LOS E or F under Alternative B, compared to 11 intersections with the project. Impacts at these three intersections could

be mitigated to LOS D or better. Thus, like the proposed project, Alternative B would result in significant unavoidable traffic impacts, although the impacts would be less substantial than those with the project.

Near-term air quality impacts (2003) would be similar to, but slightly less than, those identified for the project, because the overall level of activity in Phase I would be similar under this alternative to that with the project. By 2015, the overall emissions of criteria pollutants generated by this alternative would be reduced, compared to the project. In particular, annual emissions of NO_x from future cargo shipping activity at the Port would be about half of those with the project, because the annual volume of cargo handled would be about half that with the project. However, criteria pollutant emissions would not be reduced to a less-than-significant level, and would be significant, as with the project. Local air quality impacts (concentrations of carbon monoxide, respirable particulate matter, and diesel particulate) would be less-than-significant, as with the project, and would be would be incrementally less substantial. Cumulative air quality effects would remain significant, although this alternative's contribution would be less than that of the project.

Effects related to hydrology and to hazardous materials would be similar to impacts of the project because, while Alternative B would have a reduced level of concrete production and reduced cargo shipping, compared to the project, this alternative would include development on virtually all of the same sites as would the project, with the only exception being the Pier 90-94 backlands. With regard to hydrology, therefore, this alternative would result in a reduction of about 38 percent in new stormwater runoff, compared to the project (and an increase of 18 percent compared to existing conditions), and the impact would be less-than-significant with mitigation, as with the project. Concerning hazardous materials, because Alternative B would not include development on the Pier 90-94 backlands, there would be no effects related to development on the former landfill at Pier 94. Other effects of Alternative B with regard to hazardous materials would be less than significant with mitigation, as they would with the project. Effects on biological resources would be essentially the same as those of the project, and would be less than significant, because this alternative, like the project, would include the Illinois Street bridge and associated mitigation.

Because it would result in less substantial traffic impacts than would the project, and would have slightly less impact on air quality than would the project, the Reduced Density Alternative would be considered the Environmentally Superior Alternative.

ALTERNATIVE C: RESIDENTIAL USE FUTURE SCENARIO

With regard to Phase I, this alternative would be the same as the proposed project, in that the Industry Group project components would be implemented, and the Illinois Street Intermodal Bridge would be constructed. However, in Phase II, Alternative C would include residential uses at the Pier 70 Mixed-Use Opportunity Area, and would also include less office / research and development space there, compared to the proposed project. At the Pier 70 Mixed-Use Opportunity Area, this alternative would

include 500 residential units and approximately 200,000 square feet of office / research and development use would be included, compared to 610,000 square feet of such uses under the project. Retail space, at 100,000 square feet, and public access / recreational uses, would be unchanged from the project. Other future Port development would be the same as with the project.

Effects of Alternative C would be generally similar to those of the proposed project. Overall daily vehicle trip generation for Phase I and Phase II combined would be about 2.5 percent less than with the project, while peak-hour vehicle trips would increase slightly, by about 2.5 percent in the a.m. peak hour and almost 6 percent in the p.m. peak-hour. However, the changes, which would total fewer than 50 additional vehicles in the a.m. peak hour and just over 100 additional vehicles in the p.m. peak hour, would not be substantial enough to result in changes in the 2015 level of service at most intersections. For those intersections were level of service would be different, most would improve, compared to the project, except at Third Street and Cargo Way, where this alternative would result in LOS E in the p.m. peak hour, compared to LOS D with the project.

Air quality impacts would be incrementally less substantial than those with the project, owing to the slight decrease in daily vehicle trip generation. However, regional effects would be significant, as with the project, both on a project-specific and cumulative basis. Like the project, this alternative would not result in a project-specific significant effect on local air quality impacts (concentrations of carbon monoxide, respirable particulate matter, and diesel particulate). Also like the project, cumulative local air quality effects would be unknown, but would be considered significant with this alternative, and the contribution would be similar to that of the project.

Effects related to hydrology and hazardous materials would be virtually unchanged from those of the project, because the areas to be developed and the amount of new impervious surface would be the same. Because Alternative C would include residential units at the Pier 70 Mixed-Use Opportunity Area, remediation of sites where past use of hazardous materials has resulted in contamination would be required by law to achieve a higher standard of cleanup.

Effects on biological resources would be essentially the same as those of the project, and would be less than significant, because this alternative, like the project, would include construction of the Illinois Street bridge. Depending on the specific configuration of the development at the Pier 70 Mixed-Use Opportunity Area, site specific noise analysis, and potentially analysis of nighttime lighting, would be required to determine whether 24-hour operations at the Pier 70 shipyard could prove annoying to residents at the Mixed-Use Opportunity Area.

PORT OF SAN FRANCISCO

MEMORANDUM

April 16, 2001

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Brian McWilliams, Vice President
Hon. Denise McCarthy
Hon. Michael Hardeman
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Consideration and evaluation of the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located at The Embarcadero between Greenwich and Bay Streets for purposes of selecting a developer for exclusive negotiations

DIRECTOR'S RECOMMENDATION: NO RECOMMENDATION

This memorandum provides a summary of the evaluation of the two proposals submitted by the following respondents (listed in alphabetical order) to the amended Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project ("RFP"):

- **Chelsea Piers, L.P.**, a limited partnership.
- **The Mills Corporation**, a real estate investment trust.

Informational presentations of these proposals were made to the Port Commission on January 9, 2001 and on March 26, 2001. A table summarizing the developers and their proposed development programs is attached as Exhibit A. Tables showing comparisons of the proposed breakdown of active recreation facilities and fees are attached as Exhibits B and C. This summary is based upon the proposals made by the December 5, 2000 deadline and also reflects clarifications and additional information requested by the Port during its review of the proposals.

This Print Covers Calendar Item No. **9D**

As provided in the RFP, Port staff in collaboration with the consultant team that was led by Bay Area Economics, and included EDAW, Inc., Olivia Chen Consultants and Pittman & Associates, reviewed and evaluated these two proposals against the Selection Criteria indicated in the RFP. The results of this evaluation are summarized in this memorandum. As also provided in the RFP, the Port Commission reserves the right to participate directly in the selection process. Therefore, after the public hearing on April 18, 2001, the Port Commission may amend the evaluation contained in this staff memorandum, and may select either of the proposers for exclusive negotiations. Port staff has outlined in this memorandum conditions for exclusive negotiations that are recommended to address issues presented by each of the two proposals.

BACKGROUND

On June 24, 1997, after a 6-year public process, the Port Commission adopted the findings of a program EIR and adopted the Port's Waterfront Land Use Plan. On October 27, 1998, the Port Commission selected Piers 30-32 as the preferred location of the James R. Herman Cruise Terminal. On March 23, 1999, after a review process to determine whether Piers 27-29 were still viable for exclusive maritime activities, the Port Commission determined that: (1) the shed buildings are surplus to the maritime needs of the Port; (2) the Pier 27 berth is not surplus to the maritime needs of the Port; and (3) any future redevelopment of these piers must be compatible with maritime berthing at Pier 27.

Based upon this foundation, in May 1999, Port staff at the direction of the Port Commission formed the Northeast Waterfront Advisory Group to provide input and guidance to Port staff in preparing a request for proposals for a mixed-use active recreation development with ancillary uses at Piers 27-29, and perhaps Piers 29½ and 31. On September 21, 1999, the Port Commission approved the mission statement and development concept recommended by the Northeast Waterfront Advisory Group, as well as key lease terms and the selection process, for the Piers 27-31 Mixed Use Recreation Development Project ("Recreation Project"). The Port Commission also authorized issuance of a request for proposals for the Recreation Project. The Site for the Recreation Project consists of a 19-acre complex of piers on the Northeast Waterfront, including Piers 27, 29, 29 ½, and 31, which is shown on the site plan attached as Exhibit D.

On December 8, 1999, the RFP was suspended due to the pending public review of proposed amendments to the policies and plans of the San Francisco Bay Conservation and Development Commission (BCDC), which would impact the proposed Recreation Project. On July 20, 2000, at a joint meeting of BCDC and the Port Commission, BCDC unanimously approved recommended amendments to its plans and the Port Commission unanimously approved recommended amendments to its Waterfront Land Use Plan. These amendments removed restrictions that prevented projects such as the Recreation Project proposed for Piers 27-31 from being developed, and adopted new policies for the San Francisco Waterfront between China Basin and Pier 35.

Following meetings of the Northeast Waterfront Advisory Group, the Port Commission, on August 15, 2000, approved amendments to the RFP. The amended RFP was issued on August 31, 2000, with a revised deadline of December 5, 2000 for submitting proposals.

The Port's primary goals for the Recreation Project are stated in the following Mission Statement for this development opportunity:

"The goal of this development is to create a unique and inviting waterfront mixed-use Recreation Project, integrating a varied mix of maritime and commercial uses and open space, including a major public plaza, oriented around active recreational pursuits. This mixed-use Recreation Project will provide a venue for all San Franciscans and Bay Area residents to actively participate, individually or as groups, in diverse amateur recreational sports, physical fitness and related activities while enjoying the Recreation Project's scenic waterfront setting. The major public open space, the Northeast Wharf Plaza, will be a city and regional resource. The plaza and the other open spaces included in the Recreation Project will create opportunities for engaging in and viewing active recreational activities while enjoying expansive Bay views. New opportunities for recreational boating and other water uses will be created, and maritime berthing compatible with the adjacent new uses at Pier 27 will continue, including temporary ceremonial ship berthing and 'port of call' cruise ship berthing.

"The Recreation Project will have a quality design that is authentic to the rich historic maritime industrial character of the Northeast Waterfront. The Recreation Project will be designed to respect this character, to create a focal point for new activity on the Northeast Waterfront, and to maximize public access to and enjoyment of the Recreation Project's spectacular waterfront setting."

EVALUATION OF PROPOSALS

Evaluation Process

The RFP provides a selection process in which the submittals are to be reviewed and evaluated by Port staff, possibly with the assistance of independent consultants, to identify a respondent for exclusive negotiations. On November 21, 2000, the Port Commission authorized and directed Port staff to contract with the consultant team led by Bay Area Economics to assist Port staff in its evaluation of the responses. The RFP also provides that, as a part of their review and evaluation, Port staff and the consultants may at their discretion contact references and industry sources, investigate previous projects and current commitments, interview developers and development teams, request clarification or additional information from the respondents, and take any other information into account.

The review and evaluation of the two proposals by Port staff and its consultant team included the following steps:

1. Reviewed developer submittals.
2. Formulated and reviewed four rounds of written questions to each proposer to clarify and obtain specific additional information about its proposal.
3. Visited Chelsea Piers New York, South Street Seaport, The Block at Orange, and Encinitas YMCA.
4. Conducted interviews of development teams.
5. Checked references.
6. Attended presentations by both proposers before the Port Commission, Port advisory groups, and other community and civic groups.
7. Reviewed the proposals with the Northeast Waterfront Advisory Group and the Fisherman's Wharf Waterfront Advisory Group.
8. Prepared potential economic and transportation impact analyses at the request of the Fisherman's Wharf Waterfront Advisory Group.
9. Reviewed communications from individuals and from community and civic groups, including letters, e-mails, post cards and phone calls.

10. Analyzed additional materials provided by proposers.
11. Evaluated proposals per the RFP Selection Criteria, as outlined below.

The focus of this evaluation was on how well the proposals responded to the Selection Criteria stated in the RFP.

Selection Criteria

As stated in the RFP, the Port is seeking a Recreation Project that meets all of the Port's Selection Criteria indicated in the RFP, which are summarized below. The most important criterion in selecting a developer for exclusive negotiations is the Ability, Experience and Past Economic Performance of the respondent (Selection Criterion "A"). All of the remaining Selection Criteria (Selection Criteria "B" through "E") are of equal importance and will be considered equally. However, items within each Selection Criterion may be given unequal consideration.

A. Ability, Experience and Past Economic Performance

1. Ability and experience of developer and development team in successfully developing and operating facilities similar to proposed project
2. Financial capacity of developer to successfully undertake proposed project

B. Development Concept

1. Achievement of RFP Planning Objectives
2. Achievement of RFP Open Space Objectives
3. Achievement of RFP Design Objectives
4. Creation of Required and Encouraged Uses, and compliance with RFP use restrictions.

C. Financial Proposal

1. Achievement of RFP Financial Objectives
2. Lease Proposal
3. Construction and development costs

D. Project Feasibility

1. Evidence of funding availability
2. Project economics
3. Guarantee and funding arrangements to ensure timely completion of project
4. Project schedule
5. Evidence of concurrence of key subtenants
6. Risk factors

E. Other Factors

During the evaluation process, the two following significant new factors were identified by Port staff and the consultant team for evaluation under Selection Criterion E – Other Factors:

1. Potential competitive effect on other commercial activities and revenues to Port from other Port properties.
2. Endorsements by the Port's Northeast Waterfront Advisory Group and the Port's

Fisherman's Wharf Waterfront Advisory Group.

Evaluation of Proposals Summary

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
A. ABILITY, EXPERIENCE AND PAST ECONOMIC PERFORMANCE	***RESPONSIVE***	***PARTIALLY RESPONSIVE***
1. Ability, experience (including joint venture partners) of developer and development team ("team") to develop and operate similar facilities	RESPONSIVE: Developer (Chelsea Piers L.P.) has successfully developed Chelsea Piers in New York City, a 1.2 million square foot public sports and recreation complex built on retrofitted maritime piers.	PARTIALLY RESPONSIVE: Developer (The Mills Corporation) has extensive experience in developing retail shopping centers. No experience developing projects on piers, although employees of Mills have such experience from prior positions with another firm. Developer does not have demonstrated experience in office developments, a major component of the proposed project. The San Francisco YMCA has extensive experience developing community recreation facilities, but not with projects of the scale proposed on the site. Additionally, the developer team has not shown clear lines of responsibility/communication during the proposal process, and has not demonstrated an ability to comply with complex Public Trust regulatory issues.
2.Financial capability of team to successfully undertake the proposed project	RESPONSIVE: Developer has demonstrated financial capacity to undertake project. The Bay Club has demonstrated the capacity to finance its proposed facility.	PARTIALLY RESPONSIVE: The Mills Corp. has demonstrated financial capacity to undertake project. However, YMCA has not demonstrated the capacity to raise $30M+ for its proposed facility.
B. DEVELOPMENT CONCEPT	***VERY RESPONSIVE***	***PARTIALLY RESPONSIVE***
1.) Achieve planning objectives.	VERY RESPONSIVE: Development concept achieves all Planning Objectives, as follows: ▪ Creates an integrated/balanced mix of uses; ▪ Maximizes amount and variety	PARTIALLY RESPONSIVE: Development concept achieves most Planning Objectives, with the following mixed results: ▪ Creates a mix of uses with office and retail uses not integrated

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
	of recreational enterprise uses; ▪ Creates venues for active recreation including group activities ▪ Creates large mix of recreational uses that respond to diverse cultural communities and appeals to a variety of age groups and income levels.	with the recreation components of the project. ▪ Creates recreation components that appeal to regional cultural diversity though the office does not. ▪ YMCA provides exceptional access to special needs and low-income peoples. ▪ Partially activates the Waterfront with recreation and open space uses but closes off areas with office uses.
2.) Achieve Open Space objectives.	RESPONSIVE: ▪ Development concept identifies approximately 45% of the site as public open space. ▪ Development concept proposes an area and general design for the Northeast Wharf Plaza that directly responds to the Amended RFP. ▪ Development concept proposes a Bay Plaza at the Bay end of Piers 27 & 29. ▪ Network of publicly accessible paths through the development including 4 mid-Pier crossings but is impeded by the proposed open-air parking lot. ▪ The activation of the Pier aprons is achieved through proposed construction of floating docks (pontoon) access to a larger number of large and small boat marinas and water sports schooling areas	RESPONSIVE: ▪ Development concept proposes approximately 52% of the site as public open space ▪ Proposes an approximately 4-acre area for the Northeast Wharf Plaza diverging from design objectives in the Amended RFP ▪ Well-integrated network of publicly accessible paths through the development, including 8 mid-Pier crossings. ▪ Removal of the Pier 27 Shed offers and construction of new building would create wind and shadow issues in the open space.
3.) Achieve Design Objectives.	RESPONSIVE:	RESPONSIVE:
	Development concept is largely responsive to the various policy documents that impact the site, including the Amended RFP, Port's Waterfront Design and Access Element, BCDC Special Area Plan and City of San Francisco planning documents.	Development concept is largely responsive to the various policy documents that impact the site, including the Amended RFP, Port's Waterfront Design and Access Element, BCDC Special Area Plan and City of San Francisco planning documents.
4.) Create Required and Encouraged Uses and Compliance with Use Restrictions	VERY RESPONSIVE: Development concept meets all the Amended RFP use criteria: <u>Required & Encouraged Uses:</u>	PARTIALLY RESPONSIVE: Concept minimally meets the Amended RFP criteria: <u>Required & Encouraged Uses:</u>

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
	Project incorporates all required uses (Recreational Enterprises, Recreational Boating & Water Uses, Open Space Public Access, Temporary/ Ceremonial Berthing Water Taxis). Permitted Uses: Project incorporates Maritime Uses (Maritime Office) and Commercial (Assembly & Entertainment, General Office, Parking, Retail) as ancillary uses.	Project incorporates all required uses (Recreational Enterprises, Recreational Boating & Water Uses, Open Space Public Access, Temporary/ Ceremonial Berthing Water Taxis). Permitted Uses: Project incorporates Maritime Uses (Maritime Office) and Commercial (Assembly & Entertainment, General Office, Parking, Retail) uses. However the retail and office are not ancillary to the required uses. Uses Not Permitted: Project includes Artists/Designers uses in the Artisans' Gallery
C. FINANCIAL PROPOSAL	***VERY RESPONSIVE***	***PARTIALLY RESPONSIVE***
1.) Achieve Financial objectives.	VERY RESPONSIVE: Proposal achieves all of the Financial Objectives in that it: ▪ Offers highest rent before and after rent credits. ▪ Pays fair market rent for a project whose commercial uses consist primarily of recreation enterprises. ▪ Offers percentage rent based upon gross receipts beginning in year 6. ▪ Offers Port participation in future sale proceeds. ▪ Developer accepts 2-phase development of NE Wharf Plaza, and rent credits as indicated in Amended RFP (1/2 of base rent for 1st three years).	PARTIALLY RESPONSIVE: Proposal partially achieves the Financial Objectives in that it: ▪ Does not propose fair market rent for office and retail uses. ▪ Offers participation rent based on net cash flow (rather than gross receipts) after developer achieves guaranteed return. No participation rent during first ten years. ▪ Requires future negotiation of Port participation in transfer, sale, refinance (if any) proceeds. ▪ Developer opposes 2-phase development of NE Wharf Plaza. Expects Port or City to fund the entire up front cost of plaza. Includes $5M rent credit allowance for plaza construction which may be low.
2.) Lease Proposal	RESPONSIVE: Proposal offers the highest rent before and after rent credits are applied. **Proposal:** Term: 66 Years commencing upon final approval of Lease by all	PARTIALLY RESPONSIVE: Proposal offers only minimum base rent in first 10 years of operation. Base rent CPI adjustment after 10th year. All other major terms to be negotiated. **Proposal:** Term: 66 Years Base Rent: Years 1-10: $1,400,000

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
	necessary governing bodies. Base Rent: Ramp Up: Year 1 $500K, Year 2 $1M Year 3 $1.5M (Stabilized) Base Rent CPI adjustments maximum of 6% every two years commencing in 6th year. Percentage Rent: Based upon % of gross receipts of project. None in Years 1- 5; Years 6-20: 3.5%; Years 21-40: 4.0%; Years 41-66: 5.0%. Construction Rent : $300,000/yr ($450,000-600,000 total.) Rent Credits: $1.5M Plaza; potential $700K Public Restrooms (estimated). Total Rent (years 1-10): $14.6 M. NPV Total Rent (years 1-10): (including construction rent) $6.7M. Total Rent (years 1-66): $227M. NPV Total Rent (years 1-10): (including construction rent) $17.8M. (Note: NPV assumes 10% discount rate.)	Base Rent CPI adjustments annually, commencing in year 11. Participation: Based upon 10% of net cash flow (after operating expenses, equity preference payments, debt service and replacement reserves) above $4M per year. None in years 1-10. Construction Rent : $720,000 total Rent Credits: $5M allowance for NE Wharf Plaza (expects Port or City to fund entire cost of NE Wharf Plaza, which must be developed concurrent with project). Total Rent (years 1-10): $9.7M. NPV Total Rent (years 1-10): (including construction rent) $4.9M. Total Rent (years 1-66): $118M-166M. NPV Total Rent (years 1-66): (including construction rent) $11.0M-13.3M. (Note: NPV assumes 10% discount rate. Also, higher rental projections for years 1-66 reflect use program that deviates from original proposal.)
3.) Construction and development Costs	RESPONSIVE: Developer's cost proposal is generally reasonable and complete. Total civil and structural costs are $31.6M out of a total construction budget of $88.2M. The cost breakdown is very complete and the unit pricing used is appropriate. The cost proposal does not include contingency allowance for design or construction, however the developer has indicted that historic tax credit proceeds, estimated at $11.6M will be reserved for contingencies. Bay Club interior improvement costs projected at $15M-18M.	PARTIALLY RESPONSIVE: Developer's proposal lacks detail regarding allocation of costs between categories and structures and it is therefore not possible to make a judgement as to adequacy. Total civil and structural costs are $33.8M out of a total construction budget of $98.7M. An allowance of $6.2M is included for contingencies under soft costs. YMCA costs are proposed at $30M and are low for the proposed building, especially factoring in: construction on a pier, recreational equipment/interiors needed. and quality design expected for waterfront site. Costs to complete NE Wharf Plaza

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
		expected to exceed indicated $5M allowance.
D. PROJECT FEASIBILITY	***RESPONSIVE*** ***LOW TO MEDIUM RISK***	***PARTIALLY RESPONSIVE*** ***MEDIUM TO VERY HIGH RISK***
1.) Evidence of funding availability	RESPONSIVE: Funding is available through Chelsea Pier's existing cash flow, partners and indicated in letters from a lender.	PARTIALLY RESPONSIVE: Mills Corp. has demonstrated funding with letters from equity partners and lenders. YMCA does not have available funds and will rely on fundraising. Based on their track record of $26.1M of capital project fundraising since 1986 (with an additional fundraising of $22M of operating funds) and current capital commitments of $19M, evidence of funding availability has not been provided for YMCA.
2.) Project economics as evidenced by cash flow projections	RESPONSIVE: Developer has provided detailed cash flow projections for each recreational enterprise and overall cash flow projections for the project.	PARTIALLY RESPONSIVE: After repeated requests, developer has provided project cash flows with sufficient detail to analyze. However, the indicated square footages deviate from the originally proposed development program, and the project economics of the originally proposed project cannot therefore be verified. Also, the projected general office rental rates have been increased to $70 psf.
3.) Guarantee and funding arrangements to ensure timely completion of the project	RESPONSIVE: Developer will either enter into development agreement and lease, or guarantee the obligations of subsidiary entering into agreements.	PARTIALLY RESPONSIVE: Developer has stated that guarantees are to be negotiated
4.) Project Schedule	RESPONSIVE: Schedule is feasible but tightly compressed. It contains little "float" so delays in permitting or entitlement would directly affect downstream activities.	PARTIALLY RESPONSIVE: Schedule is tightly compressed. It contains little "float" so delays in permitting or entitlement would directly affect downstream activities. Such delays are expected due to Waterfront Plan, environmental, and public trust issues with office space, and the expectation that the final design of the NE Wharf Plaza must be implemented concurrent with the project development. The schedule is therefore not feasible.
5.) Evidence of concurrence of	RESPONSIVE:	PARTIALLY RESPONSIVE:

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
key subtenants	Developer has the concurrence and active cooperation of the Bay Club, the only major sub-tenant.	Developer has the concurrence and active cooperation of the San Francisco YMCA. Developer has letters of interest (but not letters of intent) from 2 major recreational retail tenants (REI and BASS world). However, REI has communicated through business representatives that they have not aligned themselves with either proposer.
6.) Risk factors, including		
a. Development risk	MEDIUM RISK: The proposed project is complex and requires a team with a broad variety of skills. The developer has experience in the development of sports venues, the retrofit of historic structures, and waterfront permits. The developer will bring in a core team with experience developing Chelsea Piers New York, augmented by locally experienced team members.	MEDIUM-HIGH RISK: The proposed project is complex and requires a team with a broad variety of skills. The developer has extensive experience in the development of new retail complexes, but does not have primary experience in the retrofit of historic structures and waterfront development. The developer will bring in a core team with experience developing other Mills projects, augmented by locally experienced team members. YMCA has development experience in San Francisco. The project risk is heightened by the coordination between two entities performing separate design and financing processes.
b. Entitlement risk	LOW RISK: CEQA: While the developer does not have experience with the CEQA process, the development team includes a very experienced planning consultant, who successfully and timely obtained approval for the Pacific Bell Ballpark. The project generally fits within the Waterfront Plan. Public Trust: While the Bay Club presents a potential public trust issue as a membership club, this issue taken in the context of a public trust compliant project likely can be addressed.	VERY HIGH RISK: CEQA: The developer has experience with the CEQA process. The project includes substantial office and retail uses that are not included in the Waterfront Plan and have not been analyzed within the Waterfront Plan EIR and could likely result in a more difficulty securing entitlements to build the project. The amount of office and retail proposed in the project exceeds the impacts considered in the Waterfront Plan EIR and will be subject to further CEQA review and review by the SF Planning Commission. Public Trust: The project presents

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
		very significant public trust issues due to the significant amount of office space, general retail space, and the removal of the Pier 27 shed, which is a maritime resource, and replacement with a new building designed for a membership club (the YMCA would be considered a membership club for public trust issues even though it is a non-profit association).
c. Financial risk	MEDIUM RISK: Developer has indicated that the investor group which provided the equity for Chelsea Pier New York (primarily the three principals) will provide 50 to 100 percent of the equity investment in the project. Partial funding from cash flows generated from the New York Chelsea Piers project. Developer re-financed and re-scheduled rent payments at Chelsea Piers New York. (Approx. $5M deferred over 5 years).	HIGH RISK: Mills Corp. has demonstrated the availability of project funding. The YMCA will rely on fundraising to raise the $30M needed for the project. Based on its track record of $26.1M of capital project fundraising since 1986 (with an additional fundraising of $22M of operating funds) and current capital obligations of $19M, there are substantial financing risks for the YMCA. The participation rent proposal of the developer poses a risk to Port revenue. Proposed participation rent is based upon 10% of net cash flow (after operating expenses, debt service, equity preference payments and replacement reserves as well) above $4 million. The Port's participation rent is dependent on the on-going success of the project, and the rental structure would present auditing challenges.
d. Market risk	MEDIUM RISK: The Chelsea Piers model has been successful in New York, but is otherwise an untested product type. The demographics of the project vicinity (specifically the number of people and income levels) are substantially different in San Francisco. Generally the price structure of recreational enterprises are at the high end of existing local recreational opportunities, which may pose market penetration risk where there are existing facilities and may not find a market at the	MEDIUM - HIGH RISK: Project represents a large addition to the office sub-market (approx. 8 percent of total existing supply). The office market has historically been very volatile and the market for maritime office is very limited. Project is not ideal site for region-serving recreational-retail because of lack of primary regional transit and sufficient parking. The waterfront has competitive supply in the pipeline from the Ferry Building project, and the Cruise Ship

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
	proposed price points.	Terminal that will be competing for specialty retail tenants.
e. Operating risk	LOW RISK: The developer has been the primary operator of Chelsea Pier in New York and operations would be very similar in the proposed project. The operating budget proposed by the developer appears to be reasonable and thorough.	HIGH RISK: The Mills Service Corp. and the YMCA have experience in operating retail and recreational developments respectively. Mills does not have experience operating an office project, and the office market historically has been very volatile and competitive. YMCA projected operations budget indicates that the project will not support itself from project revenues, including projected fund-raising and grants. Revenue projections are based on membership projections which are 40 percent higher than their market research indicates. Any financing expenses would heighten this risk.
E. OTHER FACTORS	***VERY RESPONSIVE***	***PARTIALLY RESPONSIVE***
1.) Potential competitive effect on other commercial activities and revenues to Port from other Port properties	VERY RESPONSIVE: Development is not expected to have competitive effects on other commercial activities in the vicinity and will not have an adverse affect on other Port revenue sources.	PARTIALLY RESPONSIVE: The significant amount of retail in the proposed project could have a competitive effect on existing and pipeline retail projects including Pier 39, Ferry Building project, and the Cruise Ship Terminal project. Competition with these projects could directly affect the Port's future revenue flows based on percentage and participation rents at these developments. In addition, the Port anticipates receiving significant participation in the office rent increases for the development of Pier 1, Piers 1½-3-5 and the Ferry Building, which could be negatively impacted by the addition of Piers 27-31 office supply.
2.) Endorsement by the Port's advisory groups including the Northeast Waterfront Advisory Group and the Fisherman's Wharf Waterfront Advisory Group.	The Northeast Waterfront Advisory Group (the citizen's advisory group to the Port Commission throughout the RFP process) by a 7-0-3 vote (yes/no/abstain) has endorsed the Chelsea Piers project. Additionally, the Fisherman's Wharf Waterfront Advisory Group (the citizen's advisory group advising the Port regarding issues that affect	N/A

Selection Criteria	Chelsea Piers L.P.	The Mills Corporation
	Fisherman's Wharf) endorsed the Chelsea Piers project by a 12-0-1 vote.	

CONDITIONS OF EXCLUSIVE NEGOTIATIONS

The Port Commission may select one of the two proposers for exclusive negotiations, and authorize staff to enter into an exclusive right to negotiate agreement with that proposer. The two proposals present varying degrees of issues that should be addressed during exclusive negotiations. The recommended conditions to be included in the exclusive right to negotiate agreement to address these issues are outlined below.

Both Proposals

1. The lease should include very specific use requirements for creating and retaining the RFP Required Uses throughout the lease term.
2. The lease should include very specific restrictions on the use of the retail space, restricting retail uses to active recreation-related uses and a very limited amount of other retail space.
3. There should be commitments from the developer to recreational programs and activities that are free to the public in both the indoor and outdoor spaces.
4. The maritime and recreational boating elements need to be further defined, clarified, and such uses should be developed to the maximum feasible extent.
5. Comprehensive detailed planning, including design and programming, of the Northeast Wharf Plaza is required to make this area usable to the public.
6. The developer should be responsible for all development costs of the project, including all utilities, public restrooms and open space, excluding only the rent credits as provided in the RFP (50% of the Base Rent for the first three years).
7. The developer should take the appropriate steps necessary to seek 20% Investment Tax Credits for the Rehabilitation and Restoration of Historic Structures to insure the preservation of the site's eligible structures in accordance with the Secretary of the Interior's Standards.
8. Negotiations required regarding terms of Port participation in sale and financing proceeds, and participation in historic tax credits.
9. Transportation issues:
    a. Through the environmental review process, specific transportation impacts and required mitigation measures need to be identified.
    b. Parking should be for short-term use only (not employee parking) with priority for users of the recreation facilities.
    c. The developer needs to work with the Port, MUNI and the Embarcadero Task Force to expand public transportation to the Site.
    d. The developer must develop and implement an effective Transportation Demand Management Program.

Chelsea Piers L.P.

1. Affordability should be enhanced, especially for low-income children, families, seniors and populations with special needs, through greater program commitments from the developer, such as scholarships, discounts, reduced fees, and facilities, that address these needs.
2. Parking in the valley between the Piers 27 and 29 sheds should be reduced, creating opportunities for recreation in the valley. Appropriate screening of parking in the valley needs to be designed. Detailed site planning is required for driveway adjacent to the Northeast Wharf Plaza.
3. The developer should establish a construction and design contingency reserve, and should commit that any cost overruns will not affect the rental proposal to the Port or affordability program.

The Mills Corporation

1. The development program should be changed to better address Required Uses, limit Permitted Uses so that they are ancillary, and eliminate uses not permitted. These changes should include:
   a. Significantly reduce the amount of office, retail, and eating and drinking space.
   b. Expand the interior space devoted to Recreational Enterprises.
   c. Add other or restructure Recreational Enterprises, so that all the active recreation uses are not operated by a membership club (San Francisco YMCA).
   d. Do not add or expand other Permitted Commercial Uses, such as Assembly & Entertainment or Visitor Services.
   e. Eliminate the Artisans'Gallery, which is not a permitted use.
2. The location of uses needs to be reorganized so that the entire open space network is activated. Commercial uses and open space need to be better integrated. Site planning changes are needed to address wind and shadow affects resulting from removal of the Pier 27 shed and construction of new building, as well as to address design guidelines.
3. Specific fund-raising milestones are required for San Francisco YMCA. Satisfactory guarantees of completion, including the YMCA building, are required from an entity other than one whose only asset is the lease for the Site.
4. The Base Rent, percentage rent and other rental must be at fair market and must comply with the terms indicated in the RFP.

Prepared by: Kirk Bennett
Manager, Waterfront Development Projects

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EXHIBIT A
PIERS 27-31 RECREATION PROJECT RFP
SUMMARY OF PROPOSALS

Development Teams

The development teams for the two respondents, including the developers, legal entities, operators, but not consultants, are summarized in the following table.

Developer:	Chelsea Piers L.P	The Mills Corporation
Legal Entity	Chelsea Piers L.P., a limited partnership, or subsidiary. The Managing General Partner is Chelsea Piers Management, Inc. which is 100% owned by Roland W. Betts, Chairman; Tom A. Bernstein, President; and David A. Tewksbury, Executive Vice President. Chelsea Piers, L.P. is the same entity that developed and owns Chelsea Piers New York.	A new limited partnership. An affiliate of the Mills Limited Partnership is expected to serve as the Managing General Partner (holding a 1% interest) and an affiliate of Kan Am Realty, Inc. is expected to serve as the Special General Partner (holding a 1% interest). The remaining interests in the partnership are expected to be held by The Mills Limited Partnership and Kan Am Realty, Inc. entities as limited partners. The sole General Partner of The Mills Limited Partnership is The Mills Corporation, a real estate investment trust, Edward B. Vinson, Senior Vice President.
Management of Completed Project	Chelsea Piers Management, Inc.	Mills Service Corporation, who will manage on behalf of the limited partnership.
Sports & Recreation Facilities Operators	Chelsea Piers Management, Inc. and Western Athletic Clubs, Inc. (San Francisco Bay Club). Chelsea Piers Management, Inc. will operate all sports and recreation facilities except for health club facility to be operated by Western Athletic Clubs (relocating its San Francisco Bay Club facility, now at Greenwich and Battery Streets, to Pier 29). Western Athletic Clubs will sublease a portion of the existing Pier 29 shed from Chelsea Piers L.P. and will be responsible for completing its interior tenant improvements, at an estimated cost of $15-18 Million.	San Francisco YMCA. The Mills Corporation will sublease a 125,000 s.f. building pad to San Francisco YMCA, and San Francisco YMCA will be responsible for funding the development of the new building and all other improvements and fixtures on this pad. YMCA plans to conduct a $30 Million capital campaign to raise the funds for this facility. San Francisco YMCA will program all recreation and sports activities on the Site, both within its new building and on the open space areas.

Development Programs

As provided in the RFP, Required Uses must be included in the Recreation Project, and Encouraged

Uses are desirable but not mandatory. Permitted Uses are allowed, but must be ancillary to Required and Encouraged Uses.

Uses	Chelsea Piers L.P.	The Mills Corporation
Recreational Enterprises *Required Use*	Total of approximately 500,000 s.f. of Recreational Enterprises programmed by Chelsea Piers Management, Inc. and Western Athletic Clubs. Approximately 480,000 s.f. of the Project's **interior** space and approximately 20,000 s.f. of **exterior** space will be devoted to sports and recreational facilities, offering sports programs, instruction, and team play. This includes approximately 95,000 s.f. of interior public viewing areas, and approximately 22,000 s.f. of space devoted to administrative offices directly related to the operation of on-site recreational programs. Excluding the 95,000 s.f. of public viewing areas and the 22,000 s.f. of administrative offices, approximately 363,000 s.f. of interior space will be devoted exclusively to active recreation facilities. All programs available on either a daily admission, pay-as-you-go basis, or through registration in classes, clinics, camps and leagues, priced for a wide range of visitors. Free public community events held throughout the year, primarily on the Northeast Wharf Plaza. *The Field House* – 100,000 s.f. facility located in Pier 27 including a 20,000 s.f. gymnastics training center, 3 hardwood basketball courts, 3 artificial-turf fields for field sports activities (including indoor soccer, lacrosse, field hockey, and baseball), batting cages, dance and martial arts studios, and special event party rooms. *The San Francisco Bay Club* – 100,000 s.f. health club membership facility operated in Pier 29 by Western Athletic Clubs with day passes available for purchase for periodic non-member use. Facilities include hardwood basketball and	Total of approximately 199,000 s.f. of Recreational Enterprises programmed by the San Francisco YMCA. Approximately 146,000 s. f. of **interior** space in a new building will be devoted to YMCA facilities, including game courts, gym facilities, exercise rooms, lockers, child care, Teen Center, Climb Center, Fitness Center, Aquatics Center, and Aerobics Center. Excluding administrative, support and circulation space, approximately 112,000 of interior space will be devoted exclusively to active recreation facilities. Approximately 53,000 s.f. of **exterior** space will be programmed by the San Francisco YMCA adjacent to and on the roof of its building, including Skate Park, rooftop BMX track, and Natatorium Deck. The San Francisco YMCA will also program a combination of free, pay-as-you-go, and drop-in activities (such as shuffle board, volleyball, badminton, Bocce ball, or diminutive soccer pitch) in portions of open space areas, including a portion of the *Sports Valley* (approximately 44,000 s.f. area) and in a part of platform area of the *Northeast Wharf Plaza.*

Uses	Chelsea Piers L.P.	The Mills Corporation
	volleyball courts, squash and racquetball courts, a swimming pool, exercise, aerobics and cycling studios, a full-service day spa, a childcare center, lockers, and a physical therapy and sports medicine facility. *The Aquatics Center* – 100,000 s.f. center located in Pier 29 ½ with instructional and competitive classes and recreational swimming. Facilities include an Olympic 50 meter indoor pool and 4 other special use pools, including a dive pool, a children's instructional pool, a physical therapy and exercise pool, and an outdoor recreational pool. *The Rinks* – 75,000 s.f. skating facilities located in Pier 27 including 2 regulation-sized ice rinks with viewing areas for up to 1,000 spectators. Rinks also serve as roller rinks based on seasonal demand, or alternatively, one rink could be designed exclusively for roller activities. *The Extreme Park* – 40,000 s.f. facility located in Pier 31 featuring a Skate Park (for in-line aggressive skaters, skateboarders and BMX riders), a Ropes Course, and a Rock Climbing Wall. *Bowling & Billiards* – 65,000 s.f. facility located in Pier 29 with 40 bowling lanes and 40 billiards tables, video game arcade and birthday party rooms. Mezzanine level billiards center. Chelsea Piers will also program free recreational activities and special events in open space areas, in particular the *Northeast Wharf Plaza* (approximately 109,000 s.f.)	
Recreational Boating & Water Use *Required Use* **Temporary and Ceremonial Berthing at Pier 27** *Required Use* **Water Taxis**	*The Maritime Center* – Situated along almost one-mile perimeter of Piers 27-31, with kayaking and sailing facilities and schools, large and small boat berthing, dinner and excursion cruise boats, water taxis and ferries, maritime support, and temporary and ceremonial berthing of	*Marine Center Water Sports*- A water sports basin with a landing between Piers 29 and 31 offering small craft rentals. Approximately 18,000 s.f. of floating docks located adjacent to Pier 29 for short-term docking, ferries, water taxis and excursion boats. Temporary and Ceremonial berthing of ships at

Uses	Chelsea Piers L.P.	The Mills Corporation
Encouraged Use **Ferry and Excursion Boats, Historic Ships, Maritime Support Services, Temporary and Ceremonial Berthing at Piers 29-31** *Permitted Uses*	large vessels and historic ships. A small boat marina with floating docks located between Piers 29 and 31, including floating docks along Piers 29 and 31 and three finger piers, and floats for water taxis and boat berthing at inner end of Pier 27. Total area of floating docks 25,000 s.f. Wave attenuation structures will be installed to mitigate surge. Temporary and Ceremonial Berthing of ships at outer 900 ft. of Pier 27 apron	Pier 27, and large boats at Pier 31. Approximately 10,000 s.f. YMCA Marine Sport Center located in Pier 29 ½, with related sailing operation.
Open Space/Public Access *Required Uses*	Approximately 288,000 s.f. (34.2% of the Site) devoted to Open Space and Public Access, comprised of 270,000 s.f. of **exterior** space and 18,000 s.f. of **interior** space for public passageways. Including 95,000 s. f. of interior public viewing areas in the recreation venues [see Recreational Enterprises above], the Open Space / Public Access Network totals 383,000 s.f. (45.5% of Site). Open space network with an approximately one mile long waterside public promenade that ranges in width from 20 feet to 50 feet around the perimeter of the project, walkways, interior spaces, public plazas, a History Wall and Bayside History Walk. *Elements of Open Space Network:* *Northeast Wharf Plaza* – A 2 ½ acre public plaza to be designed and programmed to promote daytime and nighttime usage with regular free public events.. (COMPARISONS: ; Civic Center Plaza – 2.5 AC; Justin Herman Plaza – 2.3 AC; Washington Square Park – 2.2 AC;, and Sidney Walton Park – 2.0 AC). Three potential design layouts presented for public review, recognizing that a number of interested governmental entities and civic groups will participate in the design of this plaza. Retention and reconstruction of part of Pier 27 shed roof over 12,000 – 14,000 s.f., providing shade and rain protection for visitors.	Approximately 436,000 s.f. (52.3 % of the Site) devoted to Open Space and Public Access, comprised of 401,000 s.f. of **exterior** space and 35,000 s.f. of **interior** space. It includes plazas, and the historic walks and workspace around the historic piers, and the network of pedestrian paths and plazas throughout the project. Range of open space environments grouped into three major zones: Northeast Wharf Plaza, Sports Valley, and Marine Center. *Elements of Open Space Network:* *Northeast Wharf Plaza* –A larger than required, 4-acre Northeast Wharf Plaza, including approximately 21,000 s.f. BaySteps facing out to Bay, as well as back to the City skyline. (COMPARISON: Park on block bounded by The Embarcadero, and Washington, Drumm and Clay Streets – 3.2 AC.) Two banks of L-shaped steps lead to the water's edge, forming a viewing gallery for a Waterspout Fountain. Approximately 94,000 s.f. of the open plaza is on a platform raised 3 ft. above The Embarcadero, with a bank of steps leading up from The Embarcadero. This platform provides a large and flexible recreation space, designed to be a multipurpose space suitable for a broad range of uses and events including regularly scheduled public festivals for family and individual use. The platform area includes a series of paved and/or grassy play spaces supporting programs at the adjacent YMCA. Restaurant terrace located at outer end of new YMCA

Uses	Chelsea Piers L.P.	The Mills Corporation
	Bay Plaza – A large ½ acre open space at the tip of Pier 27, with simple landscaping and park furniture to allow visitors to experience the natural beauty, sights and sounds of Bay. *Public Promenades and Walkways* including a continuous PortWalk around perimeter of the piers, as well as walkways along the Piers 27 and 29 sheds in the valley between the two piers. In addition, 4 covered walkways through the pier sheds, including at the mid-points of the Pier 27, 29 and 31 sheds and where Pier 27 meets Pier 29. *Public Viewing Lobbies* –In each recreational facility, spacious lobby viewing areas open to the public. *History Wall* – 600 foot long photographic History Wall with large-scale historic photographs spanning the valley side wall of Pier 27. *Bayside History Walk* – A series of site markers with descriptions of historic building facades and popular landmarks viewable from the site.	building adjacent restaurants. *Sports Valley* – [see also Recreational Enterprises above] palm-lined recreational open space between new mixed-use YMCA building and Pier 29 building for sports and exhibit activities and a new view corridor to the Bay. Near the Bay edge, a carillon and demountable, open-sided tent-like pavilion for exhibits. Fisherman's Point, a fishing/viewing platform, cantilevered at the end of Pier 29. *Marine Center* –Approximately 18,000 s.f. Marine Sports Plaza between Piers 29 and 31 with viewing area/ amphitheater [distinct from 18,000 s. f. of floating fill indicated in Recreational Boating & Water Use above]. *Promenade* – A cross-axial promenade, spanning the entire project along inner edge of the pier basins linking Marine Center and Northeast Wharf Plaza. Other elements of open space network include a continuous PortWalk around the perimeter of the piers, a 27,000 s.f. entry plaza between The Embarcadero and the YMCA building, and 33,000 s.f. of public passageways through buildings [portion included in *Promenade* above], and 2,000 s.f. of interior lobbies in general office space areas.
Total Permitted Commercial Uses (Including Retail, Office, Museums, Assembly and Entertainment, and Visitor Services Uses [outlined below]) *Permitted Uses*	Total of approximately 99,000 s. f. of interior space for Permitted Commercial Uses, including 68,000 s.f. of commercial space for retail, restaurant, and general office uses, [outlined below]plus a 31,000 s.f. Event Center [See Assembly and Entertainment below].	Total of approximately 458,000 s.f. of interior space for Permitted Commercial uses, including retail, restaurant, maritime and general office uses, and visitor services [outlined below].
Retail (including restaurants) *Permitted Use*	Total of approximately 34,000 s.f. devoted to Retail (including restaurants). Approximately 17,000 s.f. of food and beverage services, including 3 small to medium sized restaurants located within the complex and food service provided at the Field House, the Rinks, the Bay Club, Bowling &	Total of approximately 184,000 s.f. of Retail (including restaurants), plus exterior restaurant terrace [see Open Space/Public Access above]. Approximately 55,000 s.f. of food and beverage service, including 4 cafés and approximately 6 restaurants. Approximately 129,000 s.f. of sports

Uses	Chelsea Piers L.P.	The Mills Corporation
	Billiards and the Aquatics Center. Approximately 17,000 s.f. of retail uses. Most of the retail space will support the businesses located at the Project and will have either a sports or maritime use. Examples include: skating pro shop, bowling pro shop, and retail space with direct access to the Embarcadero consistent with, and related to, the sport, recreation and maritime uses of the Project.	retail center on the 1st floor of the Pier 29 shed and at the front of the new YMCA building. Proposed anchor tenants for approximately 80% of retail space include: a 35,000 s.f. REI store, and a Bass Pro Shop, but no letter of intent with either tenant. Potential retail tenants for remainder of retail shop space include traditional sports retailers, hybrid sports/recreation venues and other complimentary uses like a New Age books and music boutique, herbalist/health food emporium, sports medicine facility. Other retailers and services include aromatherapy, massage, spa/salon treatments, sports/recreation rental/repair outlets, and specialized sports equipment and clothing shops.
Office Uses - Maritime and General *Permitted Uses*	A total of approximately 34,000 s.f. of general and maritime office space for sub-tenants not directly related to administration of on-site recreational operations, although may support or be related to the sports and recreational facilities offered on site. Several office areas ranging in size from 1,000-25,000 s.f. to be developed on mezzanines and in other locations throughout the Site.	A total of approximately 272,000 s.f. of Office Uses provided in upper floors of Pier 29 & 31 buildings and both levels of Piers 29 & 31 Headhouse building. All of this office space is programmed to be sub-leased to operations unrelated to the on-site recreational activities. Projected approximate percentage mix of office users: 20,000-68,000 s.f. of maritime users, 177,000-232,000 of general office users, and 20,000-27,000 of non-profit users. However, developer does not plan to permanently dedicate any of the office space to maritime or non-profit users.
Museums *Permitted Use*	Preliminary discussions have been undertaken with the Museum of the City of San Francisco to establish exhibition or display space at the Project. A variety of museum uses to be explored for various locations throughout the Site.	
Assembly and Entertainment *Permitted Use*	*The Event Center* – Approximately 31,000 s.f. of interior exhibit and banquet space with meeting and reception rooms to accommodate up to 800 for seated events and 1,500 for receptions, plus approximately 4,000	Marine Center amphitheater – a public performance venue at water's edge seating approximately 250 persons for various public performances [See Open Space above].

Uses	Chelsea Piers L.P.	The Mills Corporation
	s.f of exterior space.	
Visitor Services *Permitted Use*		In relocated Beltline Railroad Office Building, along with public safety facility and restrooms (approximately 2,000 s.f.)
Parking *Permitted Use*	Approximately 350 short-term parking spaces in the valley between Piers 27 and 29 and within Pier 31. Three vehicular access driveways. Public transit and ride sharing will be encouraged in all Project literature and communications and through an internally developed Transportation Demand Management Program. The San Francisco Bay Club will operate expanded shuttle service downtown and to transit hubs which will be available for all users of project. Community based partners will provide bus/van transportation. Chelsea Piers will provide bus transportation throughout entire City for summer camps.	Approximately 170 parking spaces in tandem arrangement on first level of the Pier 31 building. One vehicular access driveway north of Pier 31. The facility will offer valet, car/vanpool and ride-share components. The San Francisco YMCA will use its existing fleet of 33 vans and 42 buses to provide shuttle service from 9 San Francisco neighborhood YMCA facilities, as well as other Bay Area YMCA facilities.
Artist/Designer Studios and Galleries *Not a Permitted Use*		Artisans' Gallery for display of developing arts and artisan crafts at end of Pier 29, adjacent to restaurants.

EXHIBIT B
PIERS 27-31 RECREATION PROJECT RFP
COMPARISON OF PROPOSED ACTIVE RECREATION FACILITIES

Comparison of Proposed Active Recreation Facilities

	Chelsea Piers SF/Bay Club	Mills/YMCA
Health Club	**100,000 square feet**	**13,200 square feet**
	Strength training area	8,200 Strength training area
	Cardiovascular area	Cardiovascular room combined w/ training area
	3 Aerobic Studios	5,000 Group Exercise including 3 Aerobic Studios
Aquatics Center	**100,000 square feet**	**14,600 square feet**
	1 Olympic Pool	Not Offered
	1 25-meter Pool	1 25-meter pool
	1 Instructional Pool	Not Offered
	1 Outdoor Recreational Pool	Not Offered
	1 Dive Pool	Not Offered
	1 Therapy/Toddler Pool	1 Kid/therapy/exercise pool
	Spa offered with use of Bay Club	Spa
Skating/Adventure	**40,000 square feet**	**74,500 square feet**
Skate Park	20,000 square foot Skate Park	20,000 square foot Indoor Skate park
		22,000 square foot Outdoor Skate park
Ropes Course	10,000 square foot High and low ropes course	5,500 Portion of 5,500 sf climb center allocated to ropes uncertain
Rock Climbing Wall	10,000 square foot Rock climbing wall	Portion of 5,500 sf climb center allocated to climbing uncertain
BMX Park	Shares use of Skate Park	27,000 square foot Outdoor BMX track
Field Sports (a)	**100,000 square feet**	**35,000 square feet**
Gymnastics	20,000 square feet of Gymnastics facilities	Gymnastics facilities size not specified
Basketball	5 Basketball Courts	3 Basketball Courts
Fields (Soccer, Lacrosse, Baseball, Field Hockey)		Space for Open Grass touch football, Frisbee, young children's soccer and baseball (size not specified)
	3 Multi-purpose fields	
Batting	10 Batting cages	Outdoor batting area size not specified
Volleyball	3 Indoor Volleyball courts	1 Outdoor sand volleyball court and uncertain number of outdoor volleyball courts
Squash/Racquetball	8 Squash/racquetball courts	Not Offered
Track	Design accomodates jogging along the apron of	14,000 square foot Jogging track
Outdoor Activities	the 20,000 square feet fields for team play	Bocce Ball, Shuffleboard, Par course size not specified
Rinks	**75,000 square feet**	Not Offered
Hockey	1 Skating rink for ice hockey	
Ice Skating	1 Skating rink for figure skating	
Roller Rink	Rink for in-line skating, roller hockey and/or recreational skating may be provided if second	In-line skating course possibly included in Sports Valley
Bowling & Billiards	**65,000 square feet**	
Bowling	40 Bowling lanes	Not Offered
Billiards	40 Billiard tables	Not Offered
Maritime Activities		**10,400 square feet of support, teaching, small craft storage**
Sailboat rental	Space allocation not specified	space included in total above
Kayak/Canoe rental	Space allocation not specified	space included in total above
Sailing/Kayaking lesson	Space allocation not specified	space included in total above
Youth Services/Child Care		
Infant	Space not proposed (b)	Square footage for proposed use not specified
Child	Space not proposed (b)	Square footage for proposed use not specified
Youth Teen Social & Game Center	Not Offered	11,600 Square feet
Administrative Offices (c)	22,000	3,000 Square feet

Notes:

a) Chelsea Piers to offer league play in soccer, field hockey, lacrosse, baseball, and basketball. YMCA to offer league play in soccer, basketball, volleyball, and badminton.

b) Child care available only through the Bay Club. Square footage not proposed.

c) Administrative space in Chelsea Piers incorporated within the square footages of the sports venues, which also include an aggregate of approximately 95,000 square feet of view area. YMCA has administrative offices, plus an additional 27,000 s.f. of space for lobby, corridors and circulation.

Source: BAE 2001. Chelsea Piers Proposal. Mills and YMCA Response to Questions.

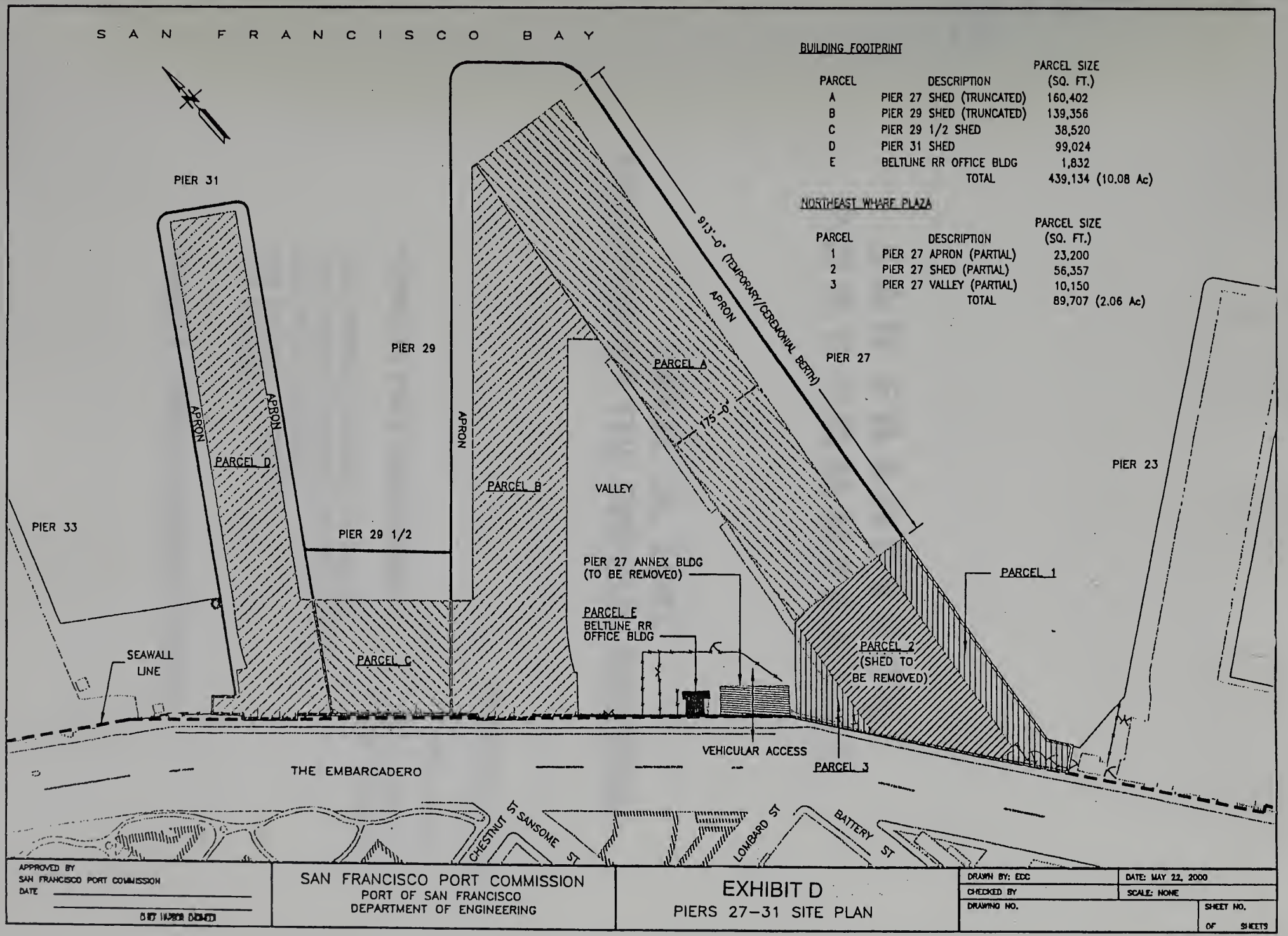
EXHIBIT C
PIERS 27-31 RECREATION PROJECT RFP
COMPARISON OF PROPOSED ACTIVE RECREATION FEES

Comparison of Proposed Fees

	Chelsea Piers SF/Bay Club	Mills/YMCA
Health Club		
Membership Fee (a)	$132-21 /month plus $10 per child w/$700-975 per person initiation	$58-105 / month w/$75-100 initiation
Day Pass	$15-20 for Bay Club only	$10 / day (b)
Aquatics Center		
Recreation swim	$10 / visit	Included In $10 Day Pass or membership
Learn to swim classes	$11 / class for 12 classes	Fee not proposed
Skating/Adventure		
Skate Park	$8 / visit	$7 / visit
Ropes Course	$15 / visit	$25 / group (NA for individual)
Rock Climbing Wall	$10 / visit	$15 / visit
BMX Park	Fee not proposed	$7 / visit
Field Sports		
Gymnastics	$15 / visit	Included In $10 Day Pass or membership
Basketball	$7 / visit	Included In $10 Day Pass or membership
Fields (soccer, lacrosse, field hockey)	$7 / visit	Included In $10 Day Pass or membership (c)
Batting cages	$1 / 10 pitches	Not Offered
Leagues (d)		
Adult	$120-$150 / 12 game season + playoffs	$80 / 10 weeks
Youth	$130 / 12 weeks season	$49-70 / 7 practices + 6 games
Martial Arts	Fee not proposed	$10-$12 / class for teens
Clinics/Classes		
Youth Soccer/Basketball	$14 - $15 / class for 17 weeks	$20-$45 / class
Youth Gymnastics	$22 / class for 17 weeks	$6-$7 / class
Dance	$8-$10 / class for adults	$6-$10 / class for teens
Rinks (e)		
Hockey	$20 / visit	Not Offered
Ice skating	$7 - $10 / child - adult visit	Not Offered
Roller rink	$5 - $6 / child - adult visit	Not Offered
Bowling & Billiards		
Bowling	$5 / game	Not Offered
Billiards	$1 / game	Not Offered
Maritime Activities		
Sailboat rental	Fee not proposed	$125 / day
Kayak/Canoe rental	Fee not proposed	$7 / hour
Sailing/Kayaking lesson	Fee not proposed	$70 / program
Youth Services/Child Care		
Infant	Fee not proposed (f)	$4 / hour w/ parent on site
Child	Fee not proposed (f)	$3 / hour w/ parent on site
Youth Teen Social & Game Center	Not Offered	$12 / month

Notes:
a) Bay Club fees per Chelsea Pier response to second set of questions and current initiation fees. YMCA membership includes children at the $105 rate.
b) Assumes aquatics & field sport included with day pass and membership. No initiation fee for youth/teen memberships. YMCA has sliding scale fees for financially needy for league, health & fitness membership, High Adventure, Skate Park, and BMX (estimated by YMCA as 48% of all participants).
c) YMCA offers field sports in the Plaza area only. The climate and proximity to water and plaza may not be appropriate for these uses.
d) Chelsea Piers to offer league play in Soccer and Basketball. YMCA to offer league play in Soccer, Basketball, Volleyball, and Badminton.
e) Chelsea Piers Rink to offer discounts for groups and frequent users.
f) Child care available only through the Bay Club. Fees not proposed.

Source: BAE 2001. Chelsea Piers Proposal. Mills and YMCA Response to Questions.



BUILDING FOOTPRINT

PARCEL	DESCRIPTION	PARCEL SIZE (SQ. FT.)
A	PIER 27 SHED (TRUNCATED)	160,402
B	PIER 29 SHED (TRUNCATED)	139,356
C	PIER 29 1/2 SHED	38,520
D	PIER 31 SHED	99,024
E	BELTLINE RR OFFICE BLDG	1,832
	TOTAL	439,134 (10.08 Ac)

NORTHEAST WHARF PLAZA

PARCEL	DESCRIPTION	PARCEL SIZE (SQ. FT.)
1	PIER 27 APRON (PARTIAL)	23,200
2	PIER 27 SHED (PARTIAL)	56,357
3	PIER 27 VALLEY (PARTIAL)	10,150
	TOTAL	89,707 (2.06 Ac)

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

EXHIBIT D
PIERS 27–31 SITE PLAN

DRAWN BY: EDC	DATE: MAY 22, 2000
CHECKED BY	SCALE: NONE
DRAWING NO.	SHEET NO. OF SHEETS

SF
355
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Special
c. 2

SAN FRANCISCO
PORT COMMISSION

APRIL 18, 2001
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.

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DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
WEDNESDAY, APRIL 18, 2001

1. **ROLL CALL**

Commission President Kimberly Brandon called the meeting to order at 3:15 p.m. The following Commissioners were present: Kimberly Brandon, Brian McWilliams, Denise McCarthy, Michael Hardeman and Pius Lee.

2. **APPROVAL OF MINUTES** - March 26, 2001 Special Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The minutes of the March 26, 2001 special meeting were adopted.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

At 3:15 the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION pursuant to Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d).

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (DISCUSSION ITEMS):

- Discuss existing litigation matter pursuant to subdivisions (a) and (d) of the California Government Code Section 54956.9 (1 case).

  Bistro Z, LLC vs. CCSF, Superior Court No. 319566

- Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 potential cases).
  X As Defendant __ As Plaintiff

  As Defendant: Two licensees and one lessee at Wharf J-3 have informed the Port that they have claims for damages and/or injunctive relief relating to the Port's alleged failure to repair or

maintain the substructure of wharf J-3 or the fish processing building located at wharf J-3.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative. ****

a. Property: Piers 27-31
Person Negotiating: Port: Kirk Bennett, Manager, Waterfront Development Projects
*Chelsea Piers Management, Inc.: Roland W. Betts
*The Mills Corporation: Edward B. Vinson

b. Property: Pier 45, Shed A
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*Malrite Group: Dennis Barrie

c. Property: Pier 40
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Sailing Ship: Dolph Rempp

d. Property: Pier 92
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Bode Gravel Company/Mission Valley Rock: Dan Boardman

e. Property: Pier 70
Person Negotiating: Port: Theresa Picon, Director of Real Estate
*Waste Resources Technology: Jack Isolo

4. RECONVENE IN OPEN SESSION

At 4:45 p.m., the Commission reconvened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

5. EXECUTIVE

A. Executive Director's Report. Mr. Wong reported the following:

- He thanked the ownership of Gabbiano's Restaurant led by Mr. George Lu and the Tom family for graciously hosting the Port Commission meeting.

- On April 16, along with Gerry Roybal and Peter Dailey, he traveled to Los Angeles to meet with staff of Crystal Cruise Lines at the request of Joseph Watters, President & CEO of Crystal Cruises. Key staff members of the Metropolitan Stevedore Company, the Port's passenger cruise terminal operator at Pier 35, also attended the meeting. The meeting was a successful working session to coordinate the efforts between our joint

staffs to ensure that San Francisco offers or exceeds the level of excellence that Crystal's passengers have come to expect. They were informed that the Port is in the process of developing a brand new international cruise terminal. At the conclusion of the meeting, Joe Watters announced that San Francisco will again be selected in 2002 as Crystal's homeport for the Alaskan season, which would bring more than 17,000 visitors to San Francisco next year. Crystal Cruises was selected this year as the world's best cruise line by Conde Nast Magazine. They will be calling on San Francisco 12 days on their round trip Alaskan cruises starting May through October 2001

- The week of April 9, along with Commissioner Brian McWilliams and Maritime Director Peter Dailey, he attended the 10th Sister Port Conference hosted by the Port of Osaka. Two years ago, the Port of San Francisco hosted this event. Representatives of our sister Ports, Osaka and Shanghai were joined by other ports: Saigon, Melbourne, Valparaiso and Le Havre. The conference theme was Port Profitability in the 21st Century. The three-day program included a presentation by each Port and extensive discussions between the participants. One of the evening's highlights was dinner at the Mayor of Osaka's house, which Vice President McWilliams impressed everyone with his Japanese.

- Commissioner McWilliams stated that they experienced a very generous and warm hospitality from the Port of Osaka staff. They had a wonderfully hosted trip. He realized how much the importance of the sister City relationship has in our other sister City Ports. However, that is not so evident at the Port of San Francisco. It is not as evident as it is in so many places in Osaka where you can see each sister city has a tree and a commemorative plaque at the Port Park. In the Port offices, there is evidence of sister City activities and on Port properties, there are displays of the sister city ports' operations such as what they do, what kind of cargoes and trade come in from the different sister ports. A lot of effort, time and prominence are placed on that sister port status. He would like to see the beginnings of the same thing happen at the Port of San Francisco. For instance, the Port of San Francisco flag is prominent in the Port of Osaka as a sister port. One of the new developments on Port property in Osaka is Universal Studios, Japan. Inside that development, there is a very authentic replication of the San Francisco waterfront including piers and Fisherman's Wharf and the San Francisco Port flag is prominently displayed there. This relationship has a prominent place in the Osaka Port scheme. The Port of San Francisco should begin to reciprocate in some way beyond the hospitality extended to the members of the sister ports when they visit San Francisco. As a simple token to start the process, he hoped that one of the Commissioners would make a motion that would direct staff to at least begin to display in a prominent way the flags of our sister ports and begin to work on some appropriate venue thereafter to bring that consciousness to the people of San Francisco and particularly those people who arrive to the Port about the relationships we have with the sister ports. The conference, albeit busy and comprehensive, provided a wonderful exchange of ideas and healthy debate. It was a valuable function. He would like to see it grow and continue on in a bigger way in the future. It was a wonderful trip and he thanked the people of San Francisco for the opportunity to have attended the conference, Port staff and everybody that made the whole program work.

Commissioner McCarthy directed staff to look into prominently displaying the flags of our Sister City Ports at the Port of San Francisco. She also directed staff to ensure that the Port of Osaka has our new Port flags. Commissioner Brandon suggested that the new Port flags should be provided to all of our sister ports.

6. MARITIME

A. Request for approval for the fourth addendum to the agreement with the Golden Gate Bridge, Highway and Transportation District for Public Ferry Transit Service Operations. (Resolution No. 01-31)

Mr. John Davey, Maritime Operations Manager, presented the item and requested Commission's approval.

Commissioner Brandon asked about Exhibits A and B. Mr. Davey replied that Exhibit A is the legal description and plat which represents the exact location and amount of space of the platform area; Exhibit B shows the modified platform area. Commissioner Brandon asked about the correlation of the agreement with the Ferry Building project. Mr. Davey replied that the Ferry Building, as part of its development, is going to be extended out in the back to unify the whole length of the back of the second floor.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 01-31 was adopted.

7. ENGINEERING & MAINTENANCE

A. Request for approval for Port staff to execute a contract amendment to Contract No. 2665, "Pier 48 Interior Fire Damage Repair," in an amount not to exceed $272,907. (Resolution No. 01-26)

Nita Mizushima, Acting Chief Harbor Engineer, presented the item and requested Commission's approval.

ACTION: Commissioner McCarthy moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 01-26 was adopted.

8. REAL ESTATE

A. Request for approval for a 10 year Lease with Corzac, Inc. dba Jelly's - A Dance Cafe for restaurant space at Pier 50. (Resolution 01-27)

Mark Lozovoy, Asst. Deputy Director, presented the item and requested Commission's approval.

Commissioner Brandon asked about the condition of the substructure. Mr. Lozovoy replied that surveys were done and both parties have determined that ten years is well within the useful life of the structure.

ACTION: Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 01-27 was adopted.

B. Request for authorization to enter into an Exclusive Right to Negotiate for the Development of the Restaurant Opportunity at 601 Cesar Chavez . (Resolution No. 01-28)

Phil Williamson, Senior Property Manager, presented the item and requested Commission's approval.

Commissioner Brandon asked about the lease terms. Mr.Williamson replied that the lease terms remains to be worked out with the developer. Given the level of improvements that are proposed for the property in the $200,000 range, the 20-year period is longer than would be negotiated. They are looking at the ten-year range. Commissioner Brandon asked if the maximum lease term would be 20 years, with one 5 year and three 5-year options or ten years with two 5-year options. Mr. Williamson replied that the RFP did not state a definitive time frame for the maximum allowable lease. The developer, Cliff's BBQ, is proposing 20 years. Based on the level of improvements proposed, it will be negotiated lower than 20 years. Commissioner Brandon hoped that during the negotiation period staff would negotiate this restaurant along the lines of the other restaurants in the area. She indicated that the proposed minimum rent would be no less than $56,000 but yet there are other restaurants in the general area that are not paying that much. She hoped that the minimum rent and the percentage rents are in the guidelines of the other restaurants in the area. Mr. Williamson replied that it is staff's intention to work on those issues during the negotiation period and staff would bring a lease, for Commission's approval, that is compatible to the other leases in the area.

ACTION: Commissioner McCarthy moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 01-28 was adopted.

9. PLANNING & DEVELOPMENT

A. Request for authorization to enter into a professional services contract with Economics Research Associates to conduct a planning process and develop a concept design for the Brannan Street Wharf. (Resolution No. 01-25)

Dan Hodapp, Port Planner, presented the item and requested Commission's approval.

Commissioner Brandon inquired why staff only asked four of the six consultants who responded to the RFQ to submit proposals. Mr. Hodapp replied that staff contacted all six teams to determine their level of interest in the project. The project is more heavily designed based and the teams are heavily feasibility analysis based. The lead group on some of the teams was not interested in proposing. Staff sent a letter of interest to all teams but only received three proposals. Commissioner Brandon inquired about the fee structure. Mr. Hodapp replied that the proposed fee was not one of the selection criteria, the schedule was. It was based on a scope of services that was

outlined in the RFP and the consultant's proposal to modify and expand upon those consultant's services. The fee was not used as a criteria; staff used the amount of the grant plus the required match to determine the fee. Commissioner Brandon asked about the consultant's fee. Mr. Hodapp replied that they were identical; it is within a thousand dollar difference.

ACTION: Commissioner McWilliams moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor; Resolution No. 01-25 was adopted.

B. Request for approval of extension of Exclusive Negotiations for the Embarcadero Hotel Project at Broadway on Seawall Lots 323, 324 and 322-I. (Resolution No. 01-29)

Jennifer Sobol, Port Planner, presented the item and requested Commission's approval.

Commissioner McWilliams inquired about the status of the card check arrangement. Ms. Sobol replied that the card check arrangement is a requirement. Stanford is well aware of it and it is one of the benchmark in the extension agreement. Stanford is aware that the agreement with Local 2 would have to be accomplished before staff could bring a lease for Commission's approval. The developer and Port staff have had contact with Local 2 but no serious negotiations have taken place.

Commissioner Brandon asked about the completion of the EIR. Ms. Sobol replied that the benchmark for publishing the draft SEIR would be October 2001. The actual certification would occur in the next six-month period.

Commissioner Brandon indicated that the extension would end November 8, 2001. However, it was never discussed that the $50,000 fee would go towards rent in the future. The $50,000 fee is a negotiating fee and a non-refundable deposit. The Commission is approving the extension with a $50,000 non-refundable fee. Ms. Sobol replied that it is indeed non-refundable. Commissioner Brandon reiterated that if the developer would like to continue with the negotiation, it would be under the terms that it is a $50,000 non-refundable deposit. Commissioner Brandon noted that after November 8 once the benchmarks are met, the Commission may extend (not will extend) the negotiating period for another six months for $50,000 non-refundable fee.

Tom Flowers indicated that staff has recommended the extension despite the fact that Stanford had over 18 months working on this project. So far, Stanford does not have completed drawings and does not have negotiations significantly underway with operators of the hotel. Most responsible developers would have it under construction by now. He noted that a conventional type hotel at that location would not work. They would not be able to obtain financing. Hotel occupancy in San Francisco is down 12%, from 82 to 70%. He previously submitted a program which fit into the Commission's program but it was limited to a timeshare development. He commended staff for setting the time schedule for the developer to meet. However, the Port land is worth $10 million; the $50,000 fee for the six-month period extension is a give-away.

Commissioner McCarthy commented that the Commission would like to see this wrapped up in a timely fashion which is why those benchmarks are set.

ACTION: Commissioner Lee moved approval, as amended; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 01-29 was adopted.

C. Informational Briefing on the Southern Waterfront Final Supplemental Environmental Impact Report (SEIR).

Diane Oshima, Port Planner, provided the Commission an informational briefing of the Southern Waterfront SEIR. It is a supplemental EIR to the Waterfront Land Use Plan EIR that was completed a number of years ago. On February 25, 2001, the Planning Commission certified the SEIR.

Commissioner McCarthy referred to page S-32 of the SEIR regarding the designated person/persons to oversee implementation of a comprehensive dust control program... She asked who is responsible for monitoring the program. Ms. Oshima replied that it is the Port's responsibility jointly with the tenants. The Port has a dust mitigation monitoring program that Carol Bach has presented to the Commission. It would take the mitigation measures identified in both the SEIR and the Waterfront Plan EIR and apply them to particular tenants where they are applicable. A third party consultant would be hired to monitor the compliance with the mitigation measures.

With all the new leases, Commissioner McCarthy asked if a staff person will be hired to handle them. Ms. Oshima replied that the intent would be to hire a consultant as opposed to having a Port staff to do the work. Carol Bach will be overseeing the consultant.

Commissioner Brandon indicated that the Commission has adopted an informal policy of no fly ash and no asphalt in the community. If any of the companies have those types of aggregates, the Port would not entertain them being on Port property and being close to the community. She hoped that Port staff would be able to set the mitigation standards for each of the companies to meet in order to become a Port tenant as well as the monitoring of activities. She hoped that this would be done prior to any leases coming to the Commission for approval. Ms. Oshima replied to the affirmative. With regard to the storm water issue, the Port is working with the Alliance for Clean Waterfront, as an umbrella group of environmental organizations, to hire a consultant to develop a storm water master plan for the Southern Waterfront area to look at the specifics, the topography and the layout of the land as well as look comprehensively at what kind of storm water management program makes sense for this mix of different industrial and port uses with the intent of having the big picture look of how to manage storm water. It would better inform Port staff as to what make sense to impose on a case-by-case basis. Staff is working with the community. Staff is hiring a consultant to develop that plan. Port staff is working side by side with the environmental community to make sure that all of the different options are being considered.

Commissioner Brandon also mentioned about the impact of diesel fuel emissions that would be generated with this type of activity. Ms. Oshima indicated that there are measures in the EIR that call for best faith efforts to find uses for alternate fuels to reduce diesel emissions. Peter Dailey has been very aggressive in trying to work with the Maritime tenants and with the environmental community to test different technologies. The Port is co-sponsoring a Liquified Natural Gas Workshop on June 5th to engage further in the discussions of the different technologies that might be available to reduce diesel emissions from ship and other heavy maritime related equipment and traffic.

Commissioner Hardeman commented about the tremendous negative impact on employment upon the growth of these plants not only on Port property but other developments in the City as well. He hoped that the problems would be worked out before they are presented to the Commission for a vote.

D. Request for consideration and evaluation of the proposals submitted in response to the Request for Proposals for the Piers 27-31 Mixed Use Recreation Development Project located at The Embarcadero between Greenwich and Bay Streets for purposes of selecting a developer for exclusive negotiations.

Byron Rhett, Director of Planning & Development, explained and reminded the public of the process that staff has gone through. He acknowledged some of the people who have given their time to work with Port staff in this process. The process began in May 1999 with the creation of the Northeast Waterfront Advisory Committee. The committee worked with staff throughout the process and assisted with the drafting of the original RFP, working with staff and BCDC in the amendments to the RFP and the issuance of the final amended RFP. At the last meeting, Anne Halsted presented the findings or the comments of the advisory committee. He acknowledged and thanked them for the amount of time they volunteered and put into this process to assist staff. The proposals were received in December last year. Staff, under the direction of Kirk Bennett with support from Curt Watts, spent the last number of months evaluating those proposals. That information is provided to the Commission in writing. Port staff was supported by Bay Area Economics.

Kirk Bennett, Waterfront Development Project Manager, indicated that Port staff has collaborated with the consultant team led by Bay Area Economics and reviewed and evaluated the two proposals (Chelsea Piers and Mills Corporation) submitted in response to the RFP. He acknowledged and thanked Jonathan Stern and the Janet-Smith Heimer, the principals for the Bay Area Economics, for their work. The review of these proposals included the following:

1. Reviewed the developer's submittals;
2. Formulated and reviewed four rounds of written questions seeking clarifications of the proposals and to obtain specific additional information;
3. Visited Chelsea Piers New York, South Street Seaport, the Block at Orange and Encinitas YMCA;
4. Conducted interviews of the development teams;
5. Checked references;

6. Attended presentations by both the proposers before the Port Commission, Port advisory groups and other community and civic groups;
7. Reviewed the proposals with the Northeast Waterfront Advisory Group and the Fisherman's Wharf Waterfront Advisory Group;
8. Prepared potential economic and transportation impact analysis requested by the Fisherman's Wharf Waterfront Advisory Group;
9. Reviewed communications from individuals and from community and civic groups, including letters, emails, postcards and phone calls;
10. Analyzed the additional materials provided by the proposers; and
11. Evaluated the proposals per the RFP selection criteria.

Mr. Bennett noted that the focus of the evaluation was how well the proposals responded to the selection criteria stated in the RFP. The following is the five basic selection criteria:

A. Ability, experience and past economic performance.
B. Development concept.
C. Financial proposal
D. Project feasibility
E. Other factors

As indicated in the RFP the Port is seeking a project that meets all of the selection criteria. Criteria A is most important and selection criteria B through E are of equal importance. Each criteria has a number of subcriteria and sub-subcriteria. In evaluating these proposals, staff started at the lowest level, evaluating each sub-subcriteria and synthesized it into an overall evaluation of response to each of the five basic selection criteria. The evaluations are summarized in the staff report to the Commission.

A. Ability, experience and past economic performance. Chelsea Piers responsive; Mills partially responsive.
B. Development concept. Chelsea Piers very responsive; Mills partially responsive.
C. Financial proposal; Chelsea very responsive; Mills partially responsive.
D. Project Feasibility; Chelsea responsive; Mills partially responsive.

They also looked at five risk factors under project feasibility. Of the five different risk factors, Chelsea Piers was rated from low to medium risk. In the case of Mills, the five risk factors were rated between medium to very high risk. In particular very high risk was the significant entitlement risk issues with the Mills proposal including CEQA and the public trust.

E. Other factors. During the evaluation process, two significant new factors were identified for evaluation. The first was the potential competitive effect on other commercial activities and on Port revenues from other Port properties. Second, the endorsement by the Northeast Waterfront Advisory Group and the Fisherman's Wharf Waterfront Advisory Group. Both of these advisory groups, after reviewing the proposals, unanimously endorsed the Chelsea Piers proposals, with a few abstentions. In the case of other factors, Chelsea Piers was evaluated to be very responsive and Mills was evaluated to be partially responsive.

Port staff was directed not to recommend a particular proposer for exclusive negotiations but staff have indicated the issues to be addressed during exclusive negotiations with the respective proposers. The two proposals present varying degrees of issues. The staff report includes recommended conditions to be included in an exclusive right to negotiate agreement to address these issues.

Eva Liebermann, NEWAG, indicated that over the last 20 months, they spent uncountable hours in shaping the RFP, setting design parameters for the open space which is part of the Pier 27-31 project. Since receiving the two proposals, they have very carefully analyzed both proposals on the basis of the Mission Statement and on the basis of design, planning and open space criteria. After long deliberation and listening to extensive testimony by the general public, they have come to a conclusion that the Chelsea Piers project meets the established criteria to a much greater extent. In a letter to the Commission, they have laid out the reasons for their conclusions. The vote taken was 7 in favor of Chelsea Piers with 3 abstentions and no opposing vote. She recommended to the Commission to choose Chelsea Piers for the project.

Garrett O'Doherty, NEWAG, pointed out that this process began in 1999 and it was laid out and followed up by the participants, Mills and Chelsea. It is a process that the City has created and everyone has followed it every step of the way. Rumors and reports on the street seem to be a telegraph answer that is not consistent with the conclusion that staff has clearly come forth which was identified by Mr. Bennett i.e. one developer only partially responded to all the issues while the other developer responded at a minimum, responsive or very responsive. If the City, the Commission and staff have accepted the procedures and played by the rules in a very even playing field, he encouraged the Commission to follow the conclusion of staff, of the advisory group and outside consultants and vote for the developer who has clearly identified and met the RFP as designed by the advisory group and that is Chelsea Piers.

Nan Roth indicated that Eva Liebermann spoke for the group as a whole. She represents a neighborhood group who decided not to take a position on the project.

Commissioner Brandon indicated that since the Commission heard a lot of the testimonies time and time again and several speakers have signed up for this item, she requested a motion to suspend Commission's rules of order allowing testimony of three minutes and substituting a rule allowing one minute per speaker on the item pending.

Commissioner Hardeman moved approval; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

Edward Hatter reminded the Commission that they work for the City and the people of San Francisco. The criteria was set up and met by Chelsea Piers. He was appalled by how different corporations will use the people to get their way. We are looking at economic development and not looking at the Port subsidizing any project. He suggested that the Commission go forward with the project that is proven and can stand alone that the community can benefit from.

Daniel Kilduff & Ben Gucciardi, students at University High School in the City and members of the YMCA, indicated that they commute two hours on the weekends to play indoor soccer in Marin instead of playing in the City. There are other kids that are in the same situation as them and they'd like the chance to play.

Jymi Shores indicated that the Skate Park Coalition is not going to take any sides. They support the skateboard projects because that is their goal and mission. They know that whoever rises on this battle will need their support and guidance. They hope that they will act in a manner expected from a world class member of a world class City. They want to ensure that the skate park is going to fit the need and ensure it as a world class skate park. Speaking for recreation, his personal thought was that the monumental nature of this project is overwhelming and two giant corporations wrestling over some very hot real estate. The scope of the projects from both are outstanding except one project bolsters revenues by including extensive retail and the other is rumored to charge more for use and recreation. The bottom line is that the RFP stated recreational use and it should be the focus. San Francisco needs nor will its current retail owners stand for anymore retail space.

David D'Onofrio indicated that the Mills/YMCA partnership is deeply respectful of the fact that San Francisco is a very strong union town and has a strong history of unions on the waterfront. They are honored that one of San Francisco's strongest advocates on behalf of working men and women, Mike Casey of Local 2, wrote the following letter. "The attached letter from Mills guarantees card check neutrality beyond what the ordinance provide for regarding restaurant. Instead of the threshold being 50 workers as per the ordinance, Mills provides that any restaurant with 15 or more workers will have to sign a neutrality agreement. This is indeed from Local 2's perspective good cause to approve the Mills development. In addition to the other qualities of the proposal, Mills has put in writing important guarantees related to workers rights to organized. Signed Michael Casey, President of Local 2."

Stu Warner, director of property development of YMCA San Francisco, indicated that he is directly responsible for determining the feasibility of YMCA development in San Francisco since 1982. He was responsible for commissioning and directing an independent market research study. He clarified some of the points from the market research study. The study was commissioned to identify key recreational interests and facilities that would bring San Franciscans to the waterfront. The study was conducted prior to their making the proposal. They also wanted to find out what people were willing to pay for those kinds of program and how the YMCA on the pier affect existing neighborhood services. The study told them that first of all, fees must be affordable and to reach all San Franciscans, would require a strong commitment to financial assistance especially to the kids. Second, the activities and the features San Franciscans wanted were the active use and the access to water through sailing programs, instructional programs such as kayaking and rowing, skating and BMX, bicycle activities, adventure activities like climbing and ropes courses, virtual sports and coaching center, recreational swimming for adults and families, group sports like volleyball and soccer and other programs and fitness. These are the features and activities based upon what San Franciscans told them directly that they propose for the piers. They have also learned that by providing these activities at the piers that the neighborhood branches would be enhanced, not threatened in any way. Finally, given

the affordable rate including the $1.2 million in financial aid in the first year that the YMCA is proposing, they can project, based directly on the market research study and their current experience serving San Franciscans, that this facility will serve on average 6200 people of San Francisco and the Bay Area everyday.

Sal Cisneros thanked the Commission for allowing them to be part of the process. They have learned that the people of San Francisco have stood up and spoken. The people in the audience represent not only themselves but 62,000 members of the YMCA throughout San Francisco. They also reflect a vision they have for what they want to do in the community i.e. to serve all San Franciscans from throughout the community.

Don Markel, director for Mission Hiring Hall in the South of Market Employment Center, indicated that their concern with any development on the Port is to make sure that the inner City neighborhoods participate in the development. One of the things that YMCA did was approach them to develop an employment training program and fitness trainer certification. This is significant because it assures that the people who come to their doors, the low-income San Francisco residents, are assured that there is a participation in this project. He urged the Commission to support YMCA/Mills.

Marc Press spoke in support of Mills/YMCA. He has been a volunteer with the YMCA for seven years, specifically spending one to two weeks every year with junior high school kids in the community. There is a crying need for mentoring and role models for our community's youth. The program offered by YMCA and the Y's mission speak directly to this need. The Mills/YMCA proposal provide specific programs for community youth, with the opportunities for new maritime activities such as kayaking, rowing, canoeing and sailing. The Y's program includes teaching, training and rentals for direct water access sports. He volunteered his time to help make these programs a reality. He urged the Commission to endorse the YMCA/Mills proposal.

Dawn Riley, America True @ Pier 17, gave the Commission an update. They have been moving forward with the project since she has been involved with the Mills/YMCA. There is a huge amount of support from the Bay Area. They had a meeting with groups that provide water access for around the bay. There were 50 people, representing 30 different organizations but very few in San Francisco. A tremendous amount of excitement is building within the sailing and the people that already worked with the water. They are also working with the outdoors academy and a lot of other groups that are excited about the possibilities. The YMCA/Mills project is going to be an awesome asset to the waterfront.

Alan Low, volunteer for the Chinatown YMCA, indicated that the Mills/YMCA project is an exciting project for Chinatown and the Chinatown YMCA. They are excited about the possibilities of bringing their kids, many will come from housing projects, to the waterfront. This will provide great opportunities for kids to participate in high adventure center, climbing walls, kayaking, sailing - things which are not available in Chinatown. They are also excited about the opportunity for the seniors that come to the Chinatown YMCA for their community partnerships such as On Lok and Self Help for the Elderly. They are excited about the opportunity to have their

seniors participate in the seniors center and wellness center. This is an exciting project; it's an opportunity to continue the Y programs, the sense of community and welcoming all San Franciscans to the waterfront. He also looks forward to the day where he and his kids can jump on the Muni Metro train in West Portal and come down to the waterfront.

Kathy Riggins indicated that this design is in direct response to a market research study that identified the needs of San Franciscans. She assured the Commission that nothing was left out. This will be a world-class facility and a marvelous opportunity for their local YMCA to create a remarkable, inclusive and unique community project that will bring all San Franciscans to the waterfront. The YMCA will bring thousands of neighborhood children, who for the first time, will participate in water sports, learn the unique skills and have fun skateboarding and bicycling in parks that are safe and keep the kids off the street. They pride themselves at the YMCA on affordability, accessibility and a focus on building self-confidence, teaching values and promoting leadership development. They realize that the Commission have many special interest groups and individuals strongly encouraging them to vote for one project over the other. The Commission received more than 10,000 calls, emails and letters from YMCA friends supporting the critical need for affordable, recreational facilities on Piers 27-31. She encouraged the Commission to vote for the YMCA/Mills proposal to ensure that the recreational activities are not just for the wealthy but for the many.

Dean Henry, board member of the YMCA, indicated that he has chosen to spend his time with the YMCA because it does so much good for so many people. Years from now when we look back at the development of the piers, what kind of statement will we have made about the values that we hold today, will we have made a statement that the primarily commercial-oriented development is representative of our values or will we make a statement that an organization that is dominated by a use that serves infants and elderly. He encouraged the Commission to support the Mills/YMCA proposal

David Tewksbury indicated that they started working on this project a couple of years ago. He thanked Port staff for doing an excellent job. They have studied both proposals in an exhaustive manner and collected inordinate amount of information. He believes that their evaluation is quite accurate and on the mark. In making its final decision, he encouraged the Commission to focus on the big picture. The big picture is the opportunity that exist to transfer 19 acres of waterfront into a world-class public use recreation facility. This was the objective of the RFP, as clearly outlined in the Mission Statement. They believe that their proposal is significantly better than the other mixed-use project. One, their proposal responds directly to the RFP, as indicated in the staff's evaluation. In the overall rating, they were six for six in all the principal selection criteria. They have received tremendous support from local communities, civic and business groups. The two advisory groups – the Northeast Waterfront Advisory Group and the Fisherman's Wharf Waterfront Advisory Group both unanimously supported their plan. They have also reached out to many community organizations over the last several months and established relationships with some of the more prominent local organizations including the Boys & Girls Club of San Francisco and Delancey Street and agreed to do programming and not for profit work with both of those groups. He thanked everybody who has supported their proposal and spent time and effort letting that be known to the Commission and Port staff. He

indicated that Mills has spent a lot of time and a great deal of money on a public relations effort that has try to besmirch their reputation on what they do in New York. It is not accurate. They tried to ignore that approach because they are confident about what they do and how they do it. In New York, they operate a world-class sports and recreation facility that is used by thousands of youth, adults, senior citizens, every single day, 365 days a year. Their reputation is superb. They support scholarship funds, public school phys ed programs and seniors programming. They do well and they do good at the same time. The principal difference between Chelsea Piers New York and Chelsea Piers San Francisco would be that the San Francisco project would be much better. The location, the space, the single level, the beautiful bay would combine to make this project a jewel on the waterfront. If the Commission selects Chelsea to create the project described in the RFP, they will not let the Commission down. They will work with interested community and waterfront groups to make sure that Chelsea Piers San Francisco embraces and is embraced by San Francisco's diverse and spirited population. He urged the Commission to vote its conscience and base its decision on the merits rather than the politics of each proposal.

Miles Stevens, President of Black Chamber of Commerce, supported Chelsea Piers for four clear concise reasons: (1) Public Policy – they think it's policy well taken to support this program in opposition to office development, retail development on the waterfront. (2) Fairness – the RFP process is a public in this City. They look for fairness in terms of meeting the criteria in the RFP and decisions should be based upon fairness. (3) Experience – to do anything in San Francisco it takes considerable experience to pull it off. Chelsea has that experience. It's proven experience in doing this kind of mixed-use recreation project. (4)Affordability – many members of the New York minority community are part of the project in New York. That is a track record that is for real and it's proven.

Robert Rudeen, architect and volunteer for the Haight Street Boys & Girls Club, indicated that he is well aware of the dire need for recreational facilities in the City. He urged the Commission to support the objective of the RFP, support staff's recommendation and select the Chelsea Piers proposal.

Stacy Slaughter, Vice President of Public Affairs for San Francisco Giants, voiced the Giants wholehearted support for the Chelsea Piers project. One of the most magnificent things about Pacific Bell Park was it has brought San Franciscans back to a part of the waterfront that they were unable to access for many years. They believe that Chelsea Piers like Pacific Bell Park will reconnect San Franciscans with the City's northern waterfront by providing desperately needed and affordable recreation facilities for San Francisco residents. Chelsea Piers San Francisco will provide more than three times as much recreation space as the competing proposal and will provide greater economic return to the City. Reasonable San Franciscans including neighborhood groups and the San Francisco Chronicle all agree that on merit, Chelsea Piers is the best project for San Francisco. She asked the Commission to consider these proposals on their merit alone and vote their conscience. With Chelsea Piers, there's an incredible opportunity to bring the residents of the City back to the waterfront. She hoped that the Commission will seize this opportunity by supporting Chelsea Piers.

Saraliz Braugh, resident of San Francisco and former member of YMCA, believes that the YMCA is a good place. Despite her affiliation with the YMCA, she expressed her support with the Chelsea Piers proposal. She has seen it work first hand. While living in the Northeast for five years, she had the opportunity to witness the opening and development of Chelsea Piers in New York. She saw people of different ages, backgrounds and abilities flock to the piers over the course of five years for opportunities that were otherwise limited in the City. She saw Chelsea Piers generously open their doors to various schools sports teams when the school facilities were not sufficient or available for practices. She saw them run summer camps for kids like clockwork and gave multitudes of scholarships for under privilege kids. She also used their facilities and was amazed by their quality and affordability. She indicated that it would be an absolute shame for the City to turn down a development project of this caliber. It's exactly what the citizens of San Francisco need and deserve.

Jim Richards, President and CEO of Boys and Girls Club of San Francisco, indicated that for 110 ten years, the Boys & Girls Club has been in the lowest income neighborhoods in this City. Ten thousand kids a year participate in programs from Visitation Valley, Mission and Tenderloin. They know affordability. The YMCA is also one of their greatest program partners and their best friends. This is not about the Boys & Girls Club or the YMCA. The one redeeming quality of the Mills project is the YMCA. Chelsea Piers is three times that and it's open to everybody. He too has first hand experience of Chelsea Piers. He toured and talked to people that come from all backgrounds and experiences and it was affordable and there were literally hundreds of children and families engaged, in the middle of the week, in Chelsea Piers. They have a good program partners of the Boys & Girls Club of New York and they approached them months ago about being their local program partner to ensure that the kids of their neighborhoods, the children of color that they serve, the children of immigrant households, the kids that play soccer on their teams also have access to the quality facilities, all free provided by Chelsea Piers. The size and scope and the inclusion that the Chelsea Piers project provides and a proven record of a company who has a heart and has been totally engaged in making sure their facilities are accessible to everyone. The price in New York is absolutely affordable.

Ernestine Weiss supported Chelsea Piers because they will have the exclusive right to build a sports complex. The City cannot afford this in the park system; the City has no money for it. This is a perfect idea for San Francisco. Nobody has mentioned the fact that the Mills Corporation is putting forth a huge office complex proposal that will bring more traffic in the neighborhood. They do not have the $30 million to put the project forward. Chelsea Piers has a proven track record. She urged the Commission to vote for Chelsea Piers.

Bill Kedem indicated that he has submitted a letter to the Commission complimenting staff on making a no recommendation decision. The project is not being represented with its true cost. The local citizens will be paying the tab for a considerable amount of extra expenses for this project, estimated at tens of millions of dollars, that would become apparent later. With the no recommendation from Port staff, he hoped that the Commission will take more time to understand the impact of this project upon the set of projects scheduled for the waterfront so that the cumulative effect is considered in

all categories, cost as well as environmental.

Timothy Feliciano indicated that he has been at the YMCA's Active Teens Center for eight months. In only those eight months, there's many things for young teens like him to gain from this recreation. Some of the things he has gained are his grades and homework. Because at the YMCA's Teen Center, he has someone to help him with his homework; without it, he would not have gotten the correct grades he deserved. Another way that the YMCA Active Teen Center helped him is by exercise. By going to the teen center, there are enough exercise activities. By having a recreation center in the pier, it is needed for kids and families to keep kids from wandering the streets. He hoped that the Commission decide on the YMCA project.

Robin Azevedo, member of the Stonestown YMCA, indicated that the value of the YMCA to San Franciscans is the range of programs for all ages, its accessibility and affordability. She urged the Commission to support the Mills/YMCA efforts.

Denis Henmi indicated there are a couple of issues in terms of the need to follow the economic consultant report as well as the citizens advisory in terms of the support for the Chelsea Piers project. He would hate to see the extensive amount of office space on the waterfront; it will be somewhat problematic to get it approve through BCDC and State Lands Commission. In terms of the accessibility of all the supporting activities that Chelsea provides over the Mills proposal, there is a wider range of activities that would be more accessible for the youths of the City.

Drew Henmi likes to skateboard but they always get kicked out. Chelsea Piers in New York is very nice and had a great skate park and it will have the same skate park in San Francisco. Chelsea Piers have so many activities to offer and is completely different. Mills Corporation reminds him of Pier 39.

Doug Comstock, President of the Coalition for San Francisco Neighborhoods, urged the Commission to reject both proposals. Both have flaws, Chelsea Piers excludes too many San Franciscans financially. The Mills plan for office buildings and Pier 39 type of development is not appropriate for the site. It is important that this Commission avoid decisions based on public pressure especially those that are endorsed by a full-page ad that misinforms the public. They have a resolution that was passed unanimously by the Coalition for San Francisco Neighborhoods brought by the North Beach neighbors which is an organization of 400 neighbors in the North Beach area. The resolution was spoken to by the Telegraph Hill dwellers which represents 700 neighbors in the Telegraph Hill area and it was passed unanimously.

Sylvia Kwan indicated that she will either take credit or blame for thinking that Chelsea Piers would be perfect for the waterfront. In 1996 she visited Chelsea Piers. They coincidentally met because the Pier 45 project they designed was up for a national award and as was Chelsea Piers. She visualized what Chelsea Piers could do to our waterfront; to bring families and to use the place in the way it should be used. When the RFP came out, she was excited to be a part of the vision of Chelsea Piers. She noticed that in New York, families from all walks of life used Chelsea Piers. She could see a day at Chelsea Piers as sort of being an original vision and current vision. She hoped that we can make it happen in San Francisco.

Nan Roth indicated that she was led to believe that there will be presentation on the issue of appropriateness or qualifications of private clubs on the public trust land. When she first joined the Waterfront Plan advisory board, they were given a file of materials to educate them. There were several letters that were exchanged in 1988 regarding the appropriateness of the Bay Club use on a seawall lot, which is also Port land. At that time, it was found that it was not appropriate public trust use. In the course of the Waterfront Plan, she moved and the rest of the Port supported that the listing of private clubs as not being an acceptable use in the Waterfront Plan. Her husband has been a member of both organizations. Despite the affordable YMCA, they are very aggressive in selling their memberships. She hoped that the Commission will address the issue of private clubs.

Laurel Rest urged the Commission to take a step back and not make a decision at this time. Ms. Roth brought up significant points regarding public trust. She wondered why we have to award something when the legal issues are not addressed and whether the project would support the infrastructure of San Francisco. There are problems with the ferry terminal and other projects at the Port. This is an inappropriate time to make a decision and asked the Commission to look at this project further since both uses might not be appropriate under the Burton Act.

David Miles, President of the CA Outdoor Rollerskating Association, indicated that he appreciates the process. The Commission has listened to all sides. The Commission has the benefit of having people do the research work and the benefit of meeting with the proposers. He trusts that the Commission will make the right decision. The Chelsea Piers proposal satisfies the needs of the City and the speakers confirmed that.

Alphonso Felder, resident of San Francisco, indicated that he grew up as a child dreaming of a few things such as a downtown ballpark, which thankfully it has arrived. He also grew up dreaming about facilities like the old Sutro baths, of skating rinks, of grand recreation space which as a child he never had the opportunity to experience in San Francisco but often heard about from his parents and others. As he grew a little older, he heard about people experiencing it in New York. San Francisco deserves to have it and it can be real through the Chelsea Piers project. It is an incredible opportunity. There are a number of YMCAs in the City and they will continue to operate and continue to flourish for many years. Chelsea Piers is bigger and grander and more special. It does not have office or retail but it has a lot of recreation.

Commissioner Brandon closed the public comment period. She thanked both development teams for their time and efforts. She thanked Kirk Bennett, Curt Watts and Byron Rhett for all their hard work. She thanked the consultants and everyone who has been a part of this project. She thanked Port staff who received all the letters, postcards and telephone calls.

Commissioner McWilliams complimented the young people who courageously got up in front of the Commission and offered testimony and compliment them on their commitment to participate in the public process. It takes a lot of courage and it takes a lot to take time out of their young lives to do that.

ACTION: Commissioner Hardeman moved approval to open the discussion among the Commissioners; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

Commissioner Brandon indicated that the Commission could go over the consultant's report, discuss certain issues or comment on the entire project.

Commissioner McWilliams moved approval that the Commission would authorize the Executive Director into exclusive negotiations with Chelsea Piers. Commissioner Brandon clarified that a motion was in place to discuss the total project not a certain resolution.

Commissioner Brandon asked if the Commission have any questions for staff or the consultants or need clarification of any of the items.

Commissioner McCarthy commented that the Commission along with staff and the committees have spent endless hours on this project; they all know a lot more about Chelsea Piers and Mills proposals than they need to.

Commissioner Hardeman stated that staff put tremendous effort in these two proposals; both of which would be terrific on the waterfront. Sadly, we couldn't have them both and certainly the easiest way out is to do nothing. He did, however, made up his mind today on which project to support and it was a very difficult decision. He had been a member of the YMCA and the San Francisco Boys Club. As a child, he had a tremendous amount of energy and if it wasn't for those organizations, he does not think he would be sitting in that seat today. He is also a season ticket holder for the Giants and the 49ers. He does not think that staff's laying out of the format and the competitive nature of the report and how he votes are any indication of approval or rejection of anything they did. Consultants were hired to assist staff and tremendous amount of hours and time were expended by all. The Commission met last Thursday and concluded the meeting by mid-afternoon. Most of the time was spent discussing this project.

Commissioner Lee concurred with Commissioner Hardeman's comments. It would be difficult for the Commission to make a decision because both are good proposals.

Commissioner Brandon wondered if the public received a copy of the recommended issues for each of the teams for this project. The report is done, the teams were rated but recommended conditions need to be included in the exclusive right to negotiate agreement for each team. Both teams have to address issues regarding public trust, project cost, historic preservation, further defined maritime uses, transportation and parking needs.

ACTION: Commissioner Hardeman moved approval that the Port Commission finds, based on the public testimony and all the information provided to the Commissioners, that the Mills Corporation proposal is more responsive to the selection criteria and hereby authorize the Executive Director to enter into exclusive negotiations with Mills Corporation subject to the proposed conditions identified as appropriate for both respondents and specifically for Mills corporation as set forth in the staff report for

this item. Commissioner Lee seconded the motion.

Commissioner Hardeman commented that the deciding factor in his motion was affordability. The Commission is the chaperones or the caretakers of the waterfront. The entire City of San Francisco should have access to the waterfront. When the Commission approved the cruise terminal project, everybody knows it was needed but it's only for a select portion of the City to use. Not everyone could afford to use the cruise terminal. Many of the developments at the Port do not necessarily give the opportunity for everyone to use especially recreational purposes for the greatest number of San Franciscans. With the Mills/YMCA proposal, there would a tremendous amount of population and widespread use. That was the deciding factor and primary reason for his decision. He hoped that the Mills Corporation, during the exclusive negotiation period, dramatically tones down the office portion of the proposal.

Commissioner McCarthy enumerated the issues that were recommended to be addressed during exclusive negotiations should the resolution pass. The following recommendations were specifically for the Mills project:

1. Refine the development program.
2. Change in the development program to better address required uses as well as limit the permitted uses so they ancillary to the required uses of recreational enterprise, open space, and public access. It may mean changes such as reductions or elimination of the office component and etc.
3. Lease restrictions. The lease for the premises should contain use restrictions to ensure that the office and retail components are ancillary.
4. Reduce the financing risk for the YMCA component.
5. Completion Guarantees. The developer shall provide specific completion guarantees for the development including all rehabilitation, open space improvements and the YMCA portion for the development.
6. Refine the proposed business terms. Several business terms did not conform to the amended RFP and they need to be dealt with.
7. Open space and design. The developer perform comprehensive design plans to reorganize the open space network to integrate all the areas additionally detailed planning and programming of the northeast wharf plaza and the outdoor active recreation venues.

Commissioner McWilliams indicated that he is a native San Franciscan and, he too, remembers the playland at the beach, Sutro Baths, Crystal Plunge and many of the programs that Park & Rec had the ability and wherewithal to provide to young people when he was growing up. As wonderful as the YMCA is and the services that the YMCA provides to the community; the YMCA is not all that. The YMCA is not the Mills proposal. The Mills proposal has other implications that can't be ignored. He talked about his reasons for supporting Chelsea Piers over the Mills proposal and the reason he would not support the motion on the floor. Commissioner McWilliams stated that the whole process was flawed. This was the beauty contest; now it gets down to the brass tacks and the project could ultimately look different than anything that has been seen. The Chelsea Piers proposal was very responsive to the end result. Their proposal was clear on what it's going to be and what it's going to look like. It's

clear to him that he could anticipate that they have the wherewithal to follow through with exactly that. The Mills proposal, however, was not clear. They have not been, as reported by staff and consultants, responsive to that issue in a way that satisfies our questions. Clearly, a recreational facility is badly needed. The people of San Francisco want it and deserve it. The people of San Francisco haven't been willing to dig in its pockets and ante up to support those kinds of programs that the City, Park & Rec and other tax increment projects that we should do. What we have done is ask somebody else to do it for us without taking a dime out of our pockets and then held them to a criteria that is very unreasonable. In the case of Park & Rec, those projects should be and used to be subsidized. In the case of the YMCA, those projects are subsidized through donations, public fundraising, etc.. In the case of Chelsea Piers, there is no clear subsidy and they are still able to perform inside the criteria that we've asked them to, to provide a venue for recreation in the City that has a very broad spectrum and venue and competes very well with anything else that's out there. His personal experience not being a member of the YMCA, but to go there during his lunch hour, the cost to him to do that versus what's proposed at Chelsea is comparable. It's exactly the same.

Commissioner McWilliams indicated that the affordability issue is something that the people of San Francisco is going to have to struggle with. Instead of being dumped on the Port to answer that question and the Port can't afford to do that. The Port does not have the wherewithal to subsidize public recreation for San Francisco. It needs to be done in some way that the people in the City are able put their money where their mouth is and provide this for our children, our future generations and us. It's part of the basic issue that has not been discussed. It's landed in the lap of the Port. He has visited Chelsea Piers and the YMCA. He was impressed with the Chelsea Piers facilities. It's not pretentious. It's very accessible and very well laid out. It's not commercialize in any way. He was very impressed with the whole project and it works and it's real and it's there. It answers all the questions that they asked for in response to the RFP. It answers them very clearly. The Mills proposal incorporates something that is not in our own best interest - offices and other retail facilities that will compete with other tenants that we ultimately share the percentage rent from, that the consultants have told us will have a negative impact on our income as a port and our ability to provide the other services for maritime and the other things for the City. It would clearly have a negative impact on that. The parking issues – the experts have told us that the impact of parking and traffic with the Mills proposal is much greater than that with Chelsea Piers. Once again, there's one more aspect where there is no comparison between the two projects. For many years, he worked at the site and knows what a wind tunnel that is and he knows absolutely what a wind tunnel that would be if that shed is taken down. That's a practical point of view from working nights and days on the waterfront and can't be mitigated. It will impact the practical use of the facility by people in the City. Those offices and restaurants that would compete with our existing tenants at Fisherman's Wharf - the office space we hope to build out at Pier 30/32, at the Ferry Building, at Pier 1, 3 & 5. We have the responsibility to our tenants not to saturate the market and it's clear from the consultant's report that it will do that and impact our ability to create income and value for our tenants. He does not see it in the Port's best interest to set up that kind of competition with other development projects. One of the bottom lines is that based on the advice of people who know very well, there is slim to no chance of the Mills

proposal getting through BCDC, State Lands, through our public trust and CEQA issues. Voting for the Mills proposal will ultimately kill the project. We have an opportunity to do something which could be a great service for the City & County of San Francisco, not only for the region. He has seen a world-class facility and it's a landmark for people in the whole region. In reading, analyzing and comparing the staff's report and consultant's recommendation, it is clear to him that there is no comparison between the two projects. It is clear to him that the only one that can succeed, and the one that brings more revenue to the Port, which is our job, our task and responsibility, is the Chelsea Piers proposal. In every single aspect of every single consideration, the Chelsea Piers project performs better. It's not even a close call. A vote for the Mills proposal is a vote to kill the whole thing and he can't support it. There's an opportunity for us to follow through on something that will be a real benefit. It has a lot of wisdom in what we could do for the City. If there are issues about accessibility later, we will to have deal with that on a Citywide basis.

Commissioner Brandon commented that the whole vision for Piers 27-31 was an affordable recreational facility. She sees a facility where family and kids can come and enjoy the waterfront. She envisions being able to walk through Justin Herman Plaza and anywhere along Embarcadero and not get run over by a skateboarder or someone on roller blades. She thought that the whole purpose here was to have a facility that would bring San Franciscans and Bay Area residents to the waterfront. She also thought that the reason that we are going to accept less revenue than we are currently receiving is because it was going to be affordable. It was going to be an open public space with a recreational facility for everyone to come and enjoy but does not see it in either one of the projects. Neither one says, citizens of San Francisco come down to the waterfront. One has an affordability issue. Both have great facilities. The YMCA is a good recreational facility and more San Franciscans would be able to enjoy participating in a YMCA. Both plans have flaws. She agreed with Commissioner McWilliams regarding the economic development and not subsidizing either projects. The way it looks now, it would be because there is no firm commitment from Mills saying that YMCA will be built regardless. They are not standing up as a corporate partner and extending help to build this recreational facility and that's why they need office and the retail components. Chelsea Piers did not come out with a proposal showing how it would be affordable for San Francisco residents. They had to be asked for but received plans about their scholarship programs instead. They are talking about affordability year-round. If the Port is going to subsidize a project, there has to be public benefit for all. Once again, the Commission is at a place where there are two great proposals, two wonderful teams. She personally think that the perfect solution would be Chelsea Piers and YMCA. With regard to the office space, if she votes for Mills it would be on a condition that there would less office or a lot more revenue generated to the Port.

Commissioner Brandon indicated that there is a resolution for the Mills/YMCA not as a project but as a negotiating point.

Commissioner Lee made the following amendments: (1) significantly reduce the amount of office, retail and eating and drinking space; (2) expand the interior space devoted to the recreation enterprise.

Commissioner Brandon added that there should be more open space for recreational activities that the public can use year round for free.

Commissioner Lee indicated that one of the reason he supports it is because it's more affordable for all the neighborhoods in the community.

Commissioner McWilliams commented that Commissioner Lee's amendments are out of order. To basically change the RFP is out of order. There's a motion to adopt and it's being amended and when the motion to adopt is voted up or down, then it is carried.

Legal Counsel Noreen Ambrose opined that the Commissioner Lee was referring to the conditions that were identified by the staff which is part of the motion that is pending.

Commissioner Lee clarified that he was indeed referring to the conditions identified as appropriate for both respondents, specifically for the Mills Corporation.

Commissioner McWilliams indicated that it's not fair to change the rules here and now. What should be done is both proposals should be turned down with a new set of criteria sent back to them for reconsideration.

Commissioner Brandon clarified that according to the RFP, the Commission can evaluate the proposals. The Commission are now evaluating the proposal. If we choose either one of them or neither one of them, the Commission can choose either one with conditions as stated in the consultant's report or the staff's report.

Commissioner McWilliams indicated that to accept their proposal based on some new criteria which is through this amendment of this proposal, is at issue. Commissioner McWilliams indicated that we have analyzed their response to the RFP, it's not good enough for us.

Legal Counsel Noreen Ambrose indicated that the Commission reserves the right to condition the approval of either of the parties for exclusive negotiations. The respondent if selected, could refuse to meet those conditions and the Commission's counter-offer would not be accepted. If the Commission offer the right to enter into exclusive negotiations on those terms, then the Commission in the general terms and conditions of the RFP reserved the right to do that but it does not guarantee that they will accept the Commission's counter offer.

Commissioner McWilliams indicated that the appropriate thing to do would be to go back to both respondents and tell Chelsea Piers to expand their office space.

Commissioner Brandon indicated that there is a motion on the floor which is to accept the Mills proposal with the conditions included in the consultant's report.

Commissioner McWilliams indicated that what was provided in the consultant's report were comments, not recommendations. The Commission will adopt those comments as recommendations.

ACTION: Commissioner Hardeman restated his motion that the Port Commission finds, based on public testimony and all of the information provided to the Commission that Mills Corporation proposal is more responsive to the selection criteria and hereby authorize the Executive director to enter into exclusive negotiations with Mills corporation subject to the proposed conditions identified as appropriate for both respondents and specifically for Mills Corporation as set forth in the staff report for this item of conditions as stated in the motion. Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioners McWilliams and McCarthy cast the dissenting votes.

The meeting was adjourned at 7:45 p.m.